Purple Innovations, LLC, et. al., Plaintiff(s)
vs.
Honest Revews, LLC, et. al., Defendant(s)

Ms. Janae Kidd

170 S. Main St., Ste. 1100

MAGLEBY CATAXINOS & GREENWOOD



Service of Process by

## APS International, Ltd. 1-800-328-7171

APS International Plaza 7800 Glenroy Road Minneapolis, MN 55439-3122

APS File #: 144670-0003

### **AFFIDAVIT OF SERVICE -- Corporate**

Service of Process on:

-GhostBed, Inc., c/o Corporate Creations Network Inc. Court Case No. 2:17-cv-138 PMW

Salt Lake City,	UT 84101	
State of: DELAWAR	E ) \$\$.	
County of: NEW CAS		
Name of Server:	ADAM GOLDEN , undersigned, being duly sworn, deposes and says that at the time of service, s/he was of legal age and was not a party to this action;	
Date/Time of Service:	that on theday ofMarch	, 20 17, at 12:39 o'clock P M
Place of Service:	at 3411 Silverside Road, #104 Rodney Building , in Wilmington, DE 19810	
<b>Documents Served:</b>	the undersigned served the documents described as:  Cover Letter; Summon in a Civil Action; Complaint and Demand for Jury Trial; Motion for	
	Temporary Restraining Order; Temporary Restraining Order; Supplemental Memorandum	
	in Support of Motion for Temporary Restraining Order and Request for Ex Parte Relief	
Service of Process on:	cess on: A true and correct copy of the aforesaid document(s) was served on:  GhostBed, Inc., c/o Corporate Creations Network Inc.	
Person Served, and Method of Service:	By delivering them into the hands of an officer or managing agent whose name and title is: JENNIFER GORTZ, AUTHORIZED TO ACCEPT	
Description of Person Receiving Documents:	The person receiving documents is described as follows:  Sex F; Skin Color WHITE; Hair Color BROWN; Facial Hair  Approx. Age 45; Approx. Height 5'5"; Approx. Weight 115  To the best of my knowledge and belief, said person was not engaged in the US	
Signature of Server:	Military at the time of service.  Undersigned declares under penalty of perjury that the foregoing is true and correct.  Signature of Server  APS International, Ltd.	Subscribed and sworn to before me this  I day of May, 20 17  Annu M. Juneau  Notary Public (Commission Expires)
		Feb. 12, 2019

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# IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, INC., a Delaware corporation,

Defendants.

COMPLAINT AND DEMAND FOR JURY TRIAL

Case No.: 2:17-cv-00138-PMW

Magistrate Judge Paul M. Warner

Plaintiff Purple Innovations, LLC, by and through its counsel MAGLEBY CATAXINOS & GREENWOOD, alleges and complains against Defendants Honest Reviews, LLC, dba as or through <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a>, Ryan Monahan, and GhostBed, Inc., (collectively, "Defendants") as follows:

#### INTRODUCTION

- 1. This case involves false and misleading statements disseminated across the internet about Purple Innovations, LLC ("Purple"), a Utah-based mattress company, by a primary competitor, Defendant GhostBed, Inc. ("GhostBed"), including specific statements that GhostBed had previously agreed to remove from its website and various social media platforms. Now, however, those and other false and misleading statements are being made on a newly-created mattress-industry related blog, <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> (the "Blog"), which purports to be "honest," but is anything but. Specifically, Defendants Honest Reviews, LLC ("HMR") and Ryan Monahan ("Monahan") have begun a groundless campaign against Purple, which has enjoyed recent and rapid success in the "bed-in-a-box" ("BIB") mattress market and is quickly overtaking GhostBed as an industry leader. Upon information and belief, GhostBed, where Monahan is or recently was employed, is participating in or sponsoring the campaign, as well as substantially benefiting from the campaign.
- 2. The campaign launched by Defendants includes numerous false and misleading statements about Purple and its products and services, including without limitation false allegations regarding the safety of Purple's mattresses, the purported lack of adequate safety testing for Purple's products, and Purple's alleged deception of its customers in this regard. In fact, many of the statements go so far as to imply that Purple's mattresses are dangerous and can lead to serious diseases or even death. These statements are false and unfounded, and Defendants provide no basis or evidence to support any such statements in the Blog or elsewhere.

- 3. Even more troubling, HMR makes a number of purported "disclaimers" on the Blog (the "Disclaimers"), which are also false and misleading. Among other things, HMR and Monahan purport to be independent and unaffiliated with any particular mattress company, such that their reviews are entirely without bias, but they fail to disclose that Monahan has or had in the past very close ties to GhostBed, which as noted is one of Purple's main competitors. Indeed, Monahan was previously employed as GhostBed's Chief Brand Officer (and, HMR consistently ranks GhostBed as one of the top BIB mattresses). This association is referenced nowhere on the Blog, and in fact it appears that Monahan has attempted to conceal his association with GhostBed. At or about the time that Monahan created HMR and the Blog, Monahan attempted to scrub his digital footprint reflecting that affiliation. The Disclaimers are false and misleading in this regard.
- 4. In addition, the Disclaimers represent in misleading fashion that HMR and Monahan are not compensated directly by mattress manufacturers, stating that the "website receives zero affiliate commissions." However, this carefully worded language leaves open the possibility that HMR or Monahan receive direct or indirect payments or other valuable consideration, including without limitation advertising income from favorably-reviewed companies, which payments are not characterized as "commissions" but nevertheless directly or indirectly benefit HMR, Monahan, or a related entity.
- 5. This evidence establishes a reasonable belief that HMR, Monahan, and/or other entities owned or controlled by Monahan, are directly or indirectly and surreptitiously working with GhostBed to make false and misleading statements of fact

that are specifically designed to promote GhostBed's products over those of Purple and other manufacturers and that, in return, GhostBed is compensating HMR, Monahan, or other related entities, and in this way engaging in and attempting to conceal conduct Defendants know to be illegal.

#### **PARTIES**

- 6. Plaintiff Purple Innovations, LLC (i.e., "Plaintiff" or "Purple"), is a Delaware limited liability company with its principal place of business in Utah County, Utah. The principals of Purple are residents of Utah County, Utah.
- 7. Defendant Honest Reviews, LLC, dba as or through <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> (i.e., "HMR") is a Florida limited liability company with its principal place of business in Plantation, Florida.
- 8. Defendant Ryan Monahan (i.e., "Monahan") is an individual who, upon information and belief resides and conducts business in Plantation, Florida. Upon information and belief, Monahan is the owner, Editor in Chief, and primary architect of HMR.
- 9. Defendant GhostBed, Inc. (i.e., "GhostBed"), is a Delaware corporation, with its principal place of business in Plantation, Florida.

#### **JURISDICTION AND VENUE**

10. This is a civil action for unfair competition under Section 43(a) of the Lanham Act and Utah common law. Jurisdiction in this Court is founded upon 28 U.S.C. §§ 1331, 1332, and 1338.

- 11. With respect to 28 U.S.C. § 1332, diversity jurisdiction is present because, while Purple is a citizen of Utah, all of the Defendants reside in other states. The amount in controversy is in excess of \$75,000.
- 12. This Court has personal jurisdiction over Defendants because they have conducted continuous and systematic business in the state of Utah, have numerous contacts with the state of Utah, and have committed and continue to commit acts of false advertising and related tortious acts in this district, as alleged herein.
- 13. Venue is proper in this district pursuant to 28 U.S.C. §§ 1400(b) and 1391(b) and (c).

#### **FACTUAL ALLEGATIONS**

#### **Purple**

- 14. Purple is an innovative and successful Utah company focused upon bringing technologically advanced comfort products to the market to resolve and alleviate pain experienced by consumers while lying in bed, sitting, or standing.
- 15. Since launching its first mattress product, the Purple® Bed, Purple has enjoyed tremendous success, growing from fewer than 50 employees in January 2016 to over 600 employees in February 2017.
- 16. Purple has also expanded its business beyond the Purple® Bed, and now provides a variety of innovative, quality products related to the mattress and sleep market, including the Purple® Pillow.

- 17. The seeds of Purple's business were planted in 1989, when brothers Tony and Terry Pearce, both engineers, decided to apply their engineering skills to develop innovative products that would improve the quality of life for their customers.
- 18. By 1993, the Pearces discovered that there was a pressing need for better wheelchair cushioning. Pressure sores were a common and extremely painful reality in the lives of wheelchair users. Taking on that challenge, the Pearces created Floam™, the world's lightest-weight cushioning fluid. Soon, the Pearces obtained five patents associated with Floam™, which was being used in not only wheelchair cushions, but also by major licensees in products such as critical-care medical beds (Hill-Rom), footwear (Nike), ankle/knee braces (Johnson & Johnson), and golf bag straps.
- 19. The key discovery came when Hyper-Elastic Polymer™ was molded in a shape that could "relax" under pressure points, redistributing the pressure to other areas. The same feature turned out to provide highly effective back support in mattresses.
- 20. As time went on, the Pearces or their companies licensed predecessor products of Purple to numerous different entities, including makers of critical care medical beds (Stryker Medical); consumer mattresses in Europe (Svane by Ekornes), Japan (Francebed), and Australia (Sleepmaker); backpack straps (Jansport); shoe insoles (Dr. Scholl's Massaging Gel and Sof-Sole); pillows (Sleep Innovations); soft-catch toy balls (Nickelodeon); wheelchair cushions (EquaPressure); and many other advanced cushioning products.

- 21. Eventually, the Pearce brothers created a patented machine called Mattress Max<sup>™</sup>, which took over two years and several million dollars to develop. Now, the Mattress Max<sup>™</sup> is used to make Hyper-Elastic Polymer<sup>™</sup> in the USA in sizes large enough to fully cover a king-sized mattress, and at production rates and costs that allow the products to be sold affordably online. Additional innovations and improvements were made over time, including as to the proprietary non-toxic anti-tack powder, for which Purple is seeking patent protection, that effectively prevents the mattresses and pillows from sticking to themselves when compressed for shipment, enabling more effective packaging and delivery to customers.
- 22. In all, the Pearce brothers have over 30 cushioning patents, and they are known the world over as the premier source for superior cushioning technology.

#### **Purple's Online Marketing Strategy**

- 23. Beginning in 2016, Purple embarked upon a marketing and sales strategy designed to get its products into the hands of consumers at better-than-competitive prices.
- 24. In particular, and in addition to its efforts to keep costs for its made-in-the USA products low, Purple has successfully focused upon the "Bed in a Box" ("BIB") mattress market segment. Purple does not have brick and mortar stores but instead sells its bedding products solely through an e-commerce platform.
- 25. Purple's competitors in the BIB market include GhostBed, Casper, Leesa, and Tuft & Needle, among others.

26. The cost savings from this market strategy, which are passed along to consumers, are illustrated by a graphic on Purple's website:



- 27. In response to online orders, Purple delivers mattresses to consumers for a risk free trial of the Purple®Bed. In fact, Purple currently offers consumers 100 days to try its mattress product, and it provides a full refund if the customer is not satisfied.
- 28. The BIB segment is the fastest growing segment in the multi-billion-dollar mattress industry. In 2015, the BIB market only accounted for an estimated 9% of online mattress purchases, but by 2016 the BIB market had grown to an estimated 30% of online purchases, representing a growth in the hundreds of millions of dollars.
- 29. For example, one estimate is that the BIB market share of \$800 million in 2016 will grow to \$1.4 billion by the end of 2017.
- 30. Although Purple did not launch its mass production and major marketing campaign until January 2016, Purple has become one of the four leading BIB companies, experiencing exponential and rapid growth.

- 31. Indeed, Purple's website has drawn at least tens of millions of visitors, and its marketing videos have been viewed by hundreds of millions of viewers. Purple's popularity and high online visibility may actually be contributing to Defendants' efforts to malign Purple by drawing additional visitors to the HMR Blog and related social media, because the HMR Blog and social media posts are likely to appear as search results, thus diverting potential customers to the Blog and GhostBed's "world class" rating on the Blog.
- 32. Given Purple's success, Purple poses a significant threat to its competitors, including in particular GhostBed, which accordingly has a strong incentive to undermine Purple in the BIB market.

#### **The Mattress Review Business**

- 33. Because of the already-large traditional mattress market and the growing BIB market, and because of the importance of customer and other reviews to an e-commerce market strategy, a number of websites have emerged that include reviews of both traditional and BIB mattresses. These websites include not just platforms for consumer reviews, but also websites that purport to offer "professional" or "test-based" reviews of mattresses, such as the HMR Blog.
- 34. Because Purple relies strictly on an e-commerce sales strategy, online comments and reviews can be very significant to its business.
- 35. For example, a March 2016 Wall Street Journal article described the importance of reviews in this new market segment, discussing one such customer named Will Haley:

It is a process aimed at the often wealthier, younger and busy shoppers who care less about kicking the tires and more about convenience. Mr. Haley says he felt comfortable buying the mattress sight unseen because online reviews are enough quality control. "Anything I can buy online, I do," he says.

(Emphasis added).

36. Defendants HMR and Monahan appear to agree with this perspective. As they posted on the Blog:

Reviewers possess a unique, influential power that if misused could unintentionally (or intentionally) steer a consumer into the wrong decision.

#### https://www.honestmattressreviews.com/mattress-reviewers/

- 37. Purple welcomes the intense customer and reviewer scrutiny that is found in the marketplace of ideas that is the internet. Purple's products are high-quality, safe, and deliver on the promise of providing a superior sleep experience to its customers.
- 38. Reviews that are false or likely to confuse or mislead consumers pose a substantial threat to Purple, which relies so heavily upon an e-commerce platform, including the associated marketing of its products.

#### The "honestmattressreviews.com" Blog and the Campaign Against Purple

39. In recent months, Purple became aware of a new mattress review website, "honestmattressreviews.com," (i.e., the "Blog"), which purports to be an "honest" and "unbiased" mattress review service. Starting in January 2017, Purple discovered that the HSR Blog had begun posting false information regarding Purple and its products, including posts calling into question the safety of the Purple® Bed products.

- 40. Over the course of just a few weeks, the Blog has made five (5) posts regarding Purple, which are prominently displayed on the Blog and are misleadingly represented as "articles" and/or "breaking news." These posts directly attack Purple and its products, making both literally false statements and statements that are highly likely to mislead consumers.
- 41. Each of these posts or "articles" is readily accessible to the public. The Blog contains multiple links to each post, such that the posts can be accessed in numerous ways through the Blog, and the images associated with the posts are continually displayed to consumers throughout the Blog. Defendants have also posted some or all of these posts (or links to the posts) on various social media platforms, including Facebook and Twitter. The posts can also be located through simple internet searches, including through Google.
  - 42. The "Articles" are titled as follows:
    - (a) "WHAT EXACTLY IS THAT WHITE POWDER ON PURPLE'S MATTRESS?" (the "White Powder 'Article'"), attached hereto as Exhibit "1."
    - (b) "A DEEPER INVESTIGATION INTO PURPLE MATTRESS & PILLOWS WHITE POWDER" (the "Purple Investigation 'Article'"), attached hereto as Exhibit "2."
    - (c) "PSA | DUE TO PURPLE'S UNKNOWN POWDER WE'RE REVOKING OUR ENDORSEMENT" (the "Revoked Endorsement 'PSA'"), attached hereto as Exhibit "3."
    - (d) "PURPLE ACKNOWLEDGEMENT OF THE WHITE POWDER STILL MISLEADS CONSUMERS" (the "Purple Misleads Consumers 'Article'"), attached hereto as Exhibit "4."

(e) "MATTRESS REVIEWERS HAVE A RESPONSIBITY TO ACKNOWLEDGE CONSUMER SAFETY" (the "Responsibility 'Article'"), attached hereto as Exhibit "5."

#### **Defendants Have No Evidence That Purple's Products Are Unsafe**

- 43. The overall message of the "Articles" posted by Defendants is clear:

  Purple's products are unsafe, pose a danger to consumers, and Purple has something to hide. This message, however, is demonstrably false and unsupported by any evidence.
- 44. For instance, upon information and belief, none of Defendants have conducted any safety or other testing of Purple's products.
- 45. Defendants also have no evidence to suggest that Purple's products are in any way unsafe.
- 46. Despite these facts, and despite HMR having obtained at least one materials information statement regarding the Purple® Bed product, HMR has chosen to ignore both the publicly-available safety information regarding Purple's products and the lack of any information to suggest that Purple's products are unsafe. Instead Defendants have intentionally elected to launch an unfounded campaign of false and misleading statements and innuendos against Purple and its products, causing reasonable consumers to believe that Purple's mattress and pillow products have been reported in "articles" founded upon an independent investigation to be unsafe and in need of warnings, that Purple is hiding those facts from consumers, and that Purple is knowingly putting the health of consumers at risk.

#### The First Post: The White Powder "Article"

- 47. The White Powder "Article" was posted on the Blog in approximately mid-January 2017, setting the stage for Defendants' smear campaign.
- 48. The White Powder "Article" purports to ask a series of inflammatory questions about a white, powdery substance that appears on Purple® Bed products. The "Article" also makes statements that are false and likely to mislead or confuse consumers to believe (among other things) that Purple's products including the powder substance on the mattresses are dangerous and that Purple is deliberately withholding safety information from consumers.

#### False and Misleading Statements Regarding Product Safety

49. The inflammatory questions in the White Powder "Article" include the following:

#### Specifically, the top layer that has a powder coating.

What is this white powder? Is it safe? Is it safe to touch your skin? Is it safe to inhale?

- 50. Despite the lack of any evidence to support the claim, these questions clearly are designed to mislead consumers to believe that Purple's products are unsafe.
- 51. Moreover, the White Powder "Article" falsely suggests that the powder on Purple's products is "Talcum Powered," references multi-million dollar lawsuits involving babies," and indicates that baby powder has been found to cause Ovarian cancer:

We were extremely concerned when we were informed (via telephone call) the power is a Talcum Powered after having watched Johnson & Johnson's multiple multimillion dollar baby powder lawsuits found to cause Ovarian Cancer. We've been reassured that Purple does NOT use Talcum Powder.

52. As with the other inaccurate and unfounded statements in the White Powder "Article," these statements deliver the unmistakable message that the powder is or contains talcum powder (when the call referenced on the website makes clear that the powder is not talcum powder) or some other unknown harmful substance, and that Purple's products are unsafe, toxic, and cause cancer.

#### False Statements Regarding Purple's Alleged Lack of Responsiveness

53. The White Powder "Article" also includes statements falsely representing that Purple is withholding safety information from consumers and has failed to respond to inquiries regarding the safety of its products:

Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.

54. The White Powder "Article" further falsely asserts that Purple is not interested in the consumer or consumer safety:

Final Thought – we were relieved to see some documentation regarding the materials used finally. As our focus is <u>consumer interest</u> and <u>consumer safety</u>, it's crucial we ask the tough questions.

55. Another statement in the White Powder "Article" likewise falsely indicates that Purple is not transparent with consumers, is withholding safety information from consumers, and (again) that Purple's products are not safe:

In a perfect world and in a transparency to consumers, we'd like Purple to better disclose what powder material they are introducing into consumers homes before the customer receives the product. Especially as consumers will spend 1/3 of their lives over the next years with this powder directly touching their skin or even potentially inhaling.

56. In fact, the White Powder "Article" intentionally cements the suggestion that Purple is improperly withholding safety from consumers by giving it an "F" grade in that category:

Major Key: Marketing A+. Product Quality A+. Disclosing Information F.

The Second Post: The Investigation "Article"

- 57. The Investigation "Article" was posted within a week of the White Powder "Article," and it builds upon the same theme. The Investigation "Article" was posted with the headline "BREAKING NEWS" in all capital letters.
- 58. Like the White Powder "Article," the Investigation "Article" purports to ask a series of inflammatory questions calling both the safety of Purple's products and the integrity of its business into question, including numerous false and misleading statements regarding those topics.
- 59. For example, the Investigation "Article" repeats the statements falsely suggesting that Purple has been withholding safety information from consumers and has not responded to inquiries, such as that "Purple elected not to respond" to email or social network inquiries (and Purple is not aware of any such attempts):

Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.

60. The Investigation "Article" also reiterates the inflammatory questions included in the White Powder "Article," again strongly suggesting that Purple's products are unsafe:

In last week's article, we asked these four simple questions;

- 1. What is this white powder?
- 2. Is it safe?
- 3. Is it safe to touch your skin?
- 4. Is it safe to inhale?
- 61. Although Purple uses only new materials in its manufacturing, the Investigation "Article" inaccurately states that Purple does not use new materials in its products, again raising the specter that Purple's products are dangerous:

One major key that isn't included or very easily found via Purple's documentation is that they <u>do not utilize new materials to make this plastic layer</u>. Rather, they use recycled manufactured <u>products</u>.

62. The Investigation "Article" makes unsupported statements to the effect that consumers will inhale the powder for eight hours while sleeping, again for purposes of suggesting that Purple's products are dangerous:

This substance *may be* approved safe to use in small quantities after having been tested by scientific professionals. *That same substance that's intended to be consumed via tablet form in small controlled doses may have very different outcomes regarding the effect on a human body or while inhaled for eight plus hours a night while you sleep.* 

63. In addition, the Investigation "Article" suggests that Purple is obligated to have a certain level of "scientific proof" about its products, that it does not have this level of proof, and that Purple's products are unsafe as a result:

Does Purple have scientific proof from multiple third party sources confirming through comprehensive testing that this substance is safe to lay on and inhale nightly for years?

64. Again creating the impression that Purple's products are unsafe and its product testing is inadequate, the Investigation "Article" makes statements that Purple's

products are not safe for long term contact, that Purple is acting "recklessly" as to an "untested substance," and that Purple's products will "impact one's short or long-term health:"

On the contrary, if they do not have scientific proof from multiple credible sources that confirms the use long-term use of this substance with Purple's intended use, (to reduce the sticking of the plastic grids) as safe for long-term contact and inhalation – then we feel they are recklessly predisposing consumers to an untested substance that could directly impact one's short or long-term health. When we asked hyperspecifically this question we found the same answer, 'It's food-grade material'.

65. As yet another example of these groundless claims, the Investigation "Article" makes statements suggesting that the powder is the same as a "ground down" "plastic mustard container" or "glass coke bottle," which consumers will inhale every night for "eight to ten hours," yet again suggesting that Purple's products are not safe:

In this instance we know it's safe to touch a plastic mustard container or a glass coke bottle.

But, the applications of those food-contact materials are not ground down into a small microscopic powder and inhaled for eight to ten hours a night over the course of the mattresses lifespan.

66. Following these statements, the Investigation "Article" embeds a YouTube video showing the well-known-to-internet-users "cinnamon challenge," in which a person attempts to swallow a spoon of cinnamon. The video includes an opening image of a woman who appears to be exhaling a caustic, brown substance:



67. The title page of the video is as follows:



- 68. The cinnamon challenge video, which has absolutely nothing to do with Purple or its products, shows people choking, coughing, gagging, spitting, crying, and attempting to rinse their mouths out with water.
- 69. It has been reported in the media that some people have literally died as a result of the cinnamon challenge.
- 70. The Investigation "Article" goes on to discuss the cinnamon challenge as if to compare it to the Purple products, emphasizing the words "dragon breath" and reports to "poison control:"

Should a person elect to consume a teaspoon of cinnamon based on the knowledge of what this will physically do to one's body, the fault resides on the individual. The ingestion of the (cinnamon) powder invariably stimulates the gag reflex followed by inhalation of the powder that's stuck inside the mouth and throat. The pain then causes rapid exhalation characterized by "dragon breath" upon blowing the powder out.

Over 200 different reported cases by the U.S. Poison control this year alone.

71. The Investigation "Article" further makes statements suggesting that Purple was approached by "customers" "with respiratory conditions such as Asthma," when – according to the Blog – there was a single telephone call made by someone who did not say they had asthma (and Purple is unaware of any additional approaches by "customers" with asthma). The statements are designed to confuse consumers and cause them to believe that Purple's products are harmful to persons with asthma, that Purple's products are not safe, and that Purple is withholding safety information from consumers:

Inversely, Purple's prior and current business practices involve deliberately choosing not to inform consumers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

72. The Investigation "Article" falsely asserts that Purple is engaging in a "deceptive business practice" that could "potential [sic] irritate or even impact they [sic] health of tens of thousands of unknowing consumers," suggesting that Purple is acting intentionally and illegally to deceive its customers, including by hiding the fact that its products are unsafe and pose health risks to "tens of thousands" of customers:

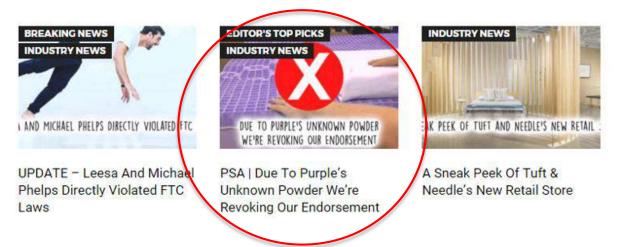
When you look on Purple's website, their high-resolution product images do not show the final product they are shipping. We believe this is a deceptive business practice that could potential irritate or even impact they health of tens of thousands of unknowing consumers.

73. The Investigation "Article" likewise alleges that Purple is unlawfully withholding information from consumers that it should be required to have a disclosure regarding the powder on its "law tag" (also suggesting that Purple is violating the law):

In a <u>consumer safe perfect world</u>, Purple would willing disclose the substance, include it on their <u>law tag</u> and have <u>a warning to consumers</u> before the point of purchase.

#### The Third Post: The Revoked Endorsement "PSA"

- 74. The Revoked Endorsement "PSA" was posted the week following the Investigation Article (just two weeks ago). Its purpose and effect is to increase the significance of the campaign in the minds of reasonable consumers.
- 75. The Revoked Endorsement "PSA" is or was prominently displayed on the homepage of the HMR website, in a series of stories that are presented as if they are legitimate news articles, with the headlines in all capitals of "EDITOR'S TOP PICKS" and "INDUSTRY NEWS", with the tag line "PSA | Due to Purple's Unknown Powder We're Revoking Our Endorsement," as follows:



76. The top of the Responsibility "Article" also includes, in larger form, the image of a large ""X" in the red circle:

## PSA | Due To Purple's Unknown Powder We're Revoking Our Endorsement



77. The Revoked Endorsement "PSA" is and was also accessible to the public in a number of other ways through the Blog, and as a result of internet searches such as through Google.

- 78. These images and language are false and misleading because they suggest to consumers that HMR is reporting objective "news," through the use of the prominently displayed headlines "EDITOR'S TOP PICKS" and "INDUSTRY NEWS," when HMR is not a news organization.
- 79. The Revoked Endorsement "PSA," like the prior "Articles," purports to ask a series of inflammatory questions, designed to convey to consumers a literally false and misleading message that the Purple mattress is unsafe, and that Purple is withholding safety information from consumers.
- 80. The Revoked Endorsement "PSA" includes the initials "PSA," obviously standing for "Public Service Announcement," which falsely suggests independence and altruism, that the "PSA" originated from or is endorsed by a governmental body, and that it is related to health and safety, that is, that Purple's products are not safe.
- 81. The Revoked Endorsement "PSA" includes statements about Purple failing to give a "consumer warning," "deliberately choosing not to inform customers," and "deliberately" deceptive "business practices;" and references to multiple customers "with respiratory conditions," "Asthma," and the "seriousness" of "inhalation of this powder." Again, these statements are designed to suggest without any evidence that Purple's products are unsafe and that Purple is withholding safety information from consumers:

Our core beliefs at Honest Reviews revolve around one core question, "Does this benefit the consumer?" As we prior published our concern for an unknown substance Purple continues to coat their products in without consumer warning.

Purple's previous and current business practices involve deliberately choosing not to inform customers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

We've reached out to Purple on via multiple communications platforms, and yet they continue to ignore the potential seriousness of inhalation of this powder.

82. The Revoked Endorsement "PSA" also alleges that Purple has decided to "run fast and figure out problems later," suggesting that Purple's products are not safe and that Purple is withholding safety information from consumers:

Competition and commerce drive innovation. But, as some companies become red hot they tend to run fast and figure out problems later. It's clear the unknown white powder used is there to help with the plastic grid walls as they stick together.

83. Also included are statements that Purple is "subjecting consumers to a powder that could impair or impact their physical health:"

Success and rapid growth is no excuse for potentially subjecting consumers to a powder that could impair or even impact their physical health.

84. As with the other "Articles," the Revoked Endorsement "PSA" falsely suggests that consumers purchasing Purple's products will be "directly inhaling a white powder substance" which "could be damaging to those with respiratory issues," and falsely asserts that Purple has used "made up tests:"

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

#### Purple Responds to the Misleading Posts by Defendants HMR and Monahan

85. Convinced that HMR and <a href="www.honestmattressreviews.com">www.honestmattressreviews.com</a> are not interested in an actual, fair dialogue, and that HMR would intentionally continue its clever use of innuendo, indirect intimations, and ambiguous suggestions to misrepresent anything submitted by Purple to HMR, Purple attempted to respond to Defendants' false, misleading, and confusing statements by posting truthful information about the non-toxic plastic powder on its own blog:





THE BEST MATTRESS FOR BACK PAIN

What is the best mattress for back pain? One that keeps your spine in natural alignment of coursel. Learn more about the best mattress... Read more >



ALL ABOUT OUR NON-TOXIC PLASTIC POWDER

Purple uses a non-toxic powdered polymer coating on some of our Purple products. Learn more about this super safe powder so you can rest... Read more >



THE BEST MATTRESS FOR COUPLES

Purple gives you one less compromise in your relationship. Get the best of firm and soft, cool and quiet, bounce and motion isolation... Read more »

86. Purple explained, among other things, that the purpose of the non-toxic powder was to prevent Purple's Hyper-Elastic Polymer<sup>™</sup> from sticking to itself, that the powder is non-toxic, chemically inactive, is harmless, and is as safe as eating with a plastic fork:

We now lightly coat our Purple® mattress and pillow that go through a tight-compression process to enable door-to-door shipping with our non-toxic plastic powder to prevent the Hyper-Elastic Polymer<sup>TII</sup> from sticking to itself.

. . .

Here are the details about the inert non-toxic plastic powder that we invented to solve our packaging conundrum:

- 1. It is NOT a talc powder. Talc is a mineral and our plastic powder contains no talc whatsoever, or any mineral for that matter.
- 2. It is chemically inactive, AKA an inert substance.
- 3. It is a food-contact-grade material, meaning that this family of plastic materials can be used for eating utensils, children's toys, etc.
- 4. It is 100% non-toxic and is completely harmless.
- 5. You can think of it being as safe as eating with a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever stabbed anyone in the lip!
- 87. Purple also explained that the powder was so innovative as to be proprietary, and that it could not release the details until after its pending patents became publicly available, a standard and well-known business strategy employed by every responsible corporate entity that is protecting its intellectual property:

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

#### The Fourth Post: The Purple Misleads Consumers "Article"

- 88. The Purple Misleads Consumers "Article" was posted shortly after February 13, 2017 (late last week).
- 89. Like the Revoked Endorsement "PSA," the Purple Misleads Consumers "Article" is or was prominently displayed on the homepage of the HMR website, in the top-left of a series of stories that are depicted as if they are legitimate news articles, with the headlines in all capitals of "BREAKING NEWS" and "INDUSTRY NEWS," with the tag line "Purple's Acknowledgement Of The White Powder STILL Misleads Consumers," as follows:



Purple's Acknowledgement Of The White Powder STILL Misleads Consumers



Mattress Firm Hires Sicily Dickenson As New CMO



We Received Something BIG To Review Today - Something HUGE!



The RiteBed Arrives As A New Player In The Online Mattress Space



Simba Sleep Raises £9m From Raft Of New City Investors



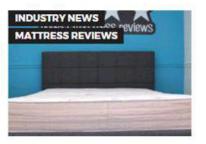
Bedgear Hopes To Triple Revenue With New Mattresses



This Indiegogo Project Has Reimagined Bedding Basics



Sleep Outfitters And Tempur Sealy To Present \$25,000 To



PangeaBed Copper Mattress Review

90. These images and language are false and misleading because they suggest to consumers that HMR is reporting objective "news," through the use of the prominently displayed headlines ""LATEST NEWS," "BREAKING NEWS," and INDUSTRY NEWS," when HMR is not a news organization.

- 91. The Purple Misleads Consumers "Article," like the prior "Articles," asks a series of inflammatory questions designed to convey to consumers a literally false and misleading message that the Purple mattress is unsafe and that Purple is withholding safety information from consumers.
- 92. By virtue of its title, the Purple Misleads Consumers "Article" falsely asserts that Purple is engaged in a deliberate campaign to deceive consumers, including by improperly withholding safety information from consumers.
- 93. The Purple Misleads Consumers "Article" claims that HMR has been making repeated inquiries to Purple for information, for "159" days, when the Blog identifies only two such instances, generic telephone inquiries to the general customer service department (and Purple is unaware of any other such inquiries), again for purposes of demonstrating that Purple's products are hazardous and that Purple is withholding safety information from consumers:

Since September 9, 2016, we've been inquiring directly with Purple about the use of an unknown powder. That's 159 days before they even start to acknowledge of the powder's existence on their website.

94. The Purple Misleads Consumers "Article" falsely suggests that Purple is rejecting accountability for consumer safety:

Thus, every business innately inherits the highest level of accountability regarding consumer safety.

95. For example, the Purple Misleads Consumers "Article" reports that Purple does not have safety documentation, that Purple has an obligation to release such information, and that Purple's public statements on these issues are false:

# | What is stopping you (Purple) from conducting and releasing independent accredited laboratory tests that prove this is safe under the use case of coating Purple mattresses and pillows?

In your published statement to the public, although comically written, clearly shows your position remains that consumer safety should **rely solely on your written word.** 

96. The Purple Misleads Consumers "Article" further claims Purple is not transparent and is not "honest and upfront" about the "microscopic powder form that could be inhaled," in yet another transparent attempt to harm Purple's reputation, integrity, and goodwill:

## It took <u>159 days</u> of inquiry for you to acknowledge it; please forgive us if we're not willing to take you at your trusted word.

Your track record continues to show a reactive transparency approach. You only began to acknowledge customers if they contact you (in regards to the powder). To date, you still do not include this information directly on your product information page (see screenshot below). You claim, "Everything we do here at Purple centers on our customers" when will you be honest and upfront about the use of this in a microscopic powder form that could be inhaled? Don't customers have a right to be informed?

97. The Purple Misleads Consumers "Article" also implies that Purple had experienced an "unforeseen problem" in its product development and was making "adjustments" as a result, again for purposes of showing that Purple's products are unsafe and that Purple is withholding safety information from consumers:

We understand that when a product experiences an unforeseen problem that adjustments might have to be made. Consumers understand and also seek a solution.

98. The Purple Misleads Consumers "Article" asserts that Purple has or is going to change the powder to hide the fact that it was not safe, that Purple is treating its customers as "guinea pigs," and that Purple does not have safety information:

#### Here's where the issue arises.

Since you're not willing to educate and pre-disclose (at the point of sale);

- a) the existence
- b) what it is or
- c) that's it's proven safe

How do we, the consumer know what you're coating all over your products today are the same as what you coated products in last week, last month or during your "product solution testing?"

Consumers are not quinea pigs. It's the responsibility of the company to conduct all of these product safety tests before shipping product and clearly disclosing the results to inquiring consumers.

99. Defendants further assert in the Purple Misleads Consumers "Article" that Purple does not use "science," that Purple does not think facts and science are important and that, because Purple has a patent <u>pending</u>, it should disclose its secret formula – misleading the consumer into believing that patent applications are public (and failing to disclose to consumers the risks from a premature disclosure):

#### Science is rooted in truth and proven fact.

For a company that claims to be <u>Super Sciencey</u>, you continue to neglect a few very scientific components (such as material disclosure), that you clearly don't see as important per your comical response.

#### Purple: So Sciencey It'll Put You To Sleep - YouTube



https://www.youtube.com/watch?v=qCuP6frAqpA

Feb 4, 2016 - Uploaded by Purple

See just how Purple's hyper-elastic polymer will give you the best nights sleep you have ever had Purple ...

You also seek sympathy in 'protecting 600 jobs' and in your 'trade secrets' which provides you some form of shielding from disclosure.

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

But, your processes is patented and protected. If it wasn't already protected intelliBED wouldn't have to have this disclosure on the footer of their website. After all, they use the same technology or process, right? It says it's licensed to a company owned by Tony Pierce.



intelliBED's Footer, "INTELL-GEL® IS A REGISTERED TRADEMARK OF EDIZONE, LLC OF ALPINE, UTAH USA. PROTECTED BY U.S. PATENTS 5,749,111, 6,026,527, 6,413,458, 7,060,213, 7,076,822, 7,666,341. INTELLIBED® IS A REGISTERED TRADEMARK OF ADVANCED COMFORT TECHNOLOGIES INC. OF SALT LAKE CITY, UTAH USA."

INTELL-OIS THE RECORDING TRACEMANCOF DOCUME, LIC OF A PIPEL LYBHY INCOMES BY U.S. PATHETS STAFFEL, ADMISSIVE THAT THE TRACE THAT A RECORD TO TRACEMAN OF ADMISSIS COMPONE TECHNOLOGIS FOR OF TAKE LARE CITY LYBHY SIA.

Purple's Footer, "Protected by one or more of U.S. Patents 5,749,111; 6,026,527; 7,076,822; 7,730,566; 7,823,233; 7,827,636; 7,964,664; 8,607,387, and 9,051,169, with others pending. Purple and all product names comprising Purple, Hyper-Elastic Polymer, and No Pressure are trademarks of EdiZONE, LLC of Alpine, Utah USA."

Protected by one or more of U.S. Peterts \$748311, 6.006327, 73076827, 73076827, 77076827, 77076827, 7502566, 78323232, 7807806, 2504.6644, 8.007387, and 8001.262 with others pending. Purple and all product narraes comprising Purple. Pepeles and No. Peterson are trademarks of EECOMS, U.C. of Again, Calo U.S.

100. Defendants further claim that Purple is dismissive of its customers, that Purple thinks they are "naïve," that Purple is "insulting" its customers, and that Purple is otherwise withholding safety information from consumers:

| Purple's publication is proof of how naive they truly believe American Consumers are. To say, it's safe because it comes from the same family of plastic forks, neglecting the fact that in Purple's use case (coating mattresses and pillows) it could be inhaled directly into your lungs, is downright insulting.

101. The Purple Misleads Consumers "Article" includes an inflammatory graphic depicting Purple's products as sausage, complete with an image of a meat grinder with plastic items being poured onto a Purple mattress:



102. The Purple Misleads Consumers "Article" includes statements that are designed to mislead consumers into believing that Purple has definitively refused to provide information to demonstrate that its products are safe, despite the fact that Purple has posted such information on its own website, and again makes numerous inflammatory and misleading statements in an effort to support its allegation that Purple's products are unsafe:

THEIR MATTRESS AND PILLOW IN THIS PLASTIC POWDER THAT'S
INHALED NIGHTLY FOR THE DURATION OF THEIR PRODUCT'S
LIFECYCLE IS THE EQUIVALENT OF EATING WITH A PLASTIC FORK.

YES, IT'S SAFE TO EAT WITH A PLASTIC FORK. PURPLE CONSUMERS AREN'T EATING IN BED — THEIR INHALING THE MATTRESS.

PLEASE DISCLOSE THE SCIENTIFIC PROOF THAT INHALING THAT PLASTIC WILL NOT INDUCE ANY LUNG OR RESPIRATORY IRRITATION.

ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

ADDITIONALLY, PLEASE SHARE ACCREDITED THIRD PARTY STUDIES THAT SHOW SCIENTIFIC EVIDENCE SUPPORTING YOUR POSITION IN A MULTI-YEAR TEST WITH EIGHT HOURS USE PER NIGHT. ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

103. The Purple Misleads Consumers "Article" has statements to the effect that Purple's products are like "inhaling gasoline," that Purple does "not put[] consumer safety first," and that Purple has directly contradicted itself:

Your blanket statement quoted above is like saying "Gas is safe in a car, so inhaling gasoline must also be safe." Obviously, you're not using gasoline – but – it's an example that a different use cases a product, chemical or substance can have very different effects.

#### Intended Use is the issue at hand.

Merely acknowledging existence (only after constant questioning) is not putting consumer safety first – in our opinion. Which is a direct contradiction of your published response (again, see here).

104. The Purple Misleads Consumers "Article" suggests that Purple is putting its 600 employees' health at risk, that Purple should be providing "training and education" on health risks to its employees, and that Purple should have its employees wear protective gloves:

## You did raise one point in your response that we did not initially think to question.

Your 600 employees who are in direct contact with this substance don't appear to have protected masks to shield their inhalation. If a factory worker's shift is eight hours, then sleeps eight hours on a Purple mattress; what are the effects of 16 hours a day exposure? Do you provide training and education to your employees who are on the floor manufacturing these products? Do you provide gloves and mask to every employee?

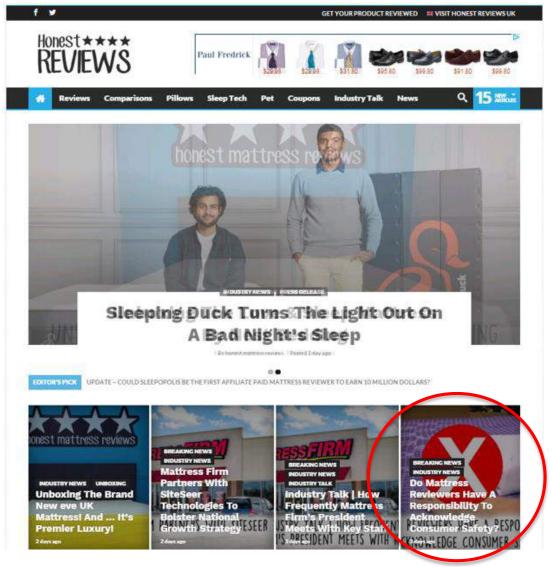


105. Like the previously-discussed "Articles," the Purple Misleads Consumers "Article" falsely suggests that consumers purchasing Purple's products will be "directly inhaling a white powder substance," which "could be damaging to those with respiratory issues," and falsely accuses Purple of using "made up tests:":

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

### The Fifth Post: The Responsibility "Article"

- 106. The Responsibility "Article" was posted the next day (again, late last week), and it attempts to deflect Defendants' singular attack on Purple by trying to guilt other reviewers into joining its campaign of false and misleading statements against Purple.
- 107. A link to the Responsibility Article is or was prominently displayed on the homepage of the HMR website, below the top "Article," with the headline in all capitals of "BREAKING NEWS" and "INDUSTRY NEWS," with the tag line "Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety?," and including a large "X" in a red circle as if to designate a poisonous substance as follows:



108. The top of the Responsibility "Article" also includes, in larger form, the image of the large "X" in the red circle:

### Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety?

By honest mattress reviews 3 12 min read



- 109. These images and language are false and misleading because they suggest to consumers that HMR is a legitimate news source reporting objective "news," through the use of the prominently displayed headlines "BREAKING NEWS" and "INDUSTRY NEWS," when HMR is not a news organization.
- 110. The Responsibility "Article," like the prior "Articles," includes a series of inflammatory questions and statements, all of which are designed to convey to consumers the literally false and misleading message that the Purple mattress is unsafe, and that Purple is withholding safety information from consumers.
- 111. For example, the Responsibility "Article" has statements suggesting that a physician's Hippocratic Oath is applicable to mattress makers and referencing "poison,"

falsely suggesting that Purple's products are not only unsafe, but might poison the customer:

A doctor is required to take the Hippocratic Oath before officially becoming a doctor. Reviewers possess a unique, influential power that if misused could unintentionally (or intentionally) steer a consumer into the wrong decision.

In this oath doctors truly commit to the mindset, "First do no harm."

Followed by humility, "I will not be ashamed to say "I know not."

Finally, orally confirming, "Neither will I administer a poison to anybody when asked to do so, nor will I suggest such a course."

112. The Responsibility "Article" includes a statement that mattress makers have a responsibility to ensure the complete safety of their products, which again falsely suggests that Purple has not comported with its safety obligations and that its products are unsafe:

As more companies enter the direct to consumer mattress space its the responsibility of each individual company to ensure the products they ship are completely safe.

(Emphasis added).

113. The Responsibility "Article" has a bolded, red statement not only falsely suggesting that Purple's products are not safe, but also that Purple has not provided any evidence of safety (when in fact Purple has posted evidence to support the safety of its products), which also challenges other reviewers to join Defendants' campaign of wrongfully harming Purple's reputation with false and misleading statements and innuendos:

| What is your position on Purple's use of a plastic powder without any clear and concise evidence this is safe under these conditions?

114. The Responsibility "Article" falsely states that consumers purchasing Purple's products will be "directly inhaling a white powder substance" which "could be damaging to those with respiratory issues," and falsely referring that Purple was using "made up tests," suggesting that Purple's products are not safe and that Purple is withholding safety information from consumers:

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

115. The Responsibility "Article" closes by providing link to the other false and misleading "Articles" and the Revoked Endorsement "PSA," compounding and expanding the overall false and misleading messages that Purple's products are not safe and that Purple is misleading consumers:

### If this Powder is completely brand new to you here are some reference articles

What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder

PSA - Due To Purple's Unknown Powder We're Revoking Our Endorsement

Purple's Acknowledgement Of The White Powder STILL Misleads Consumers

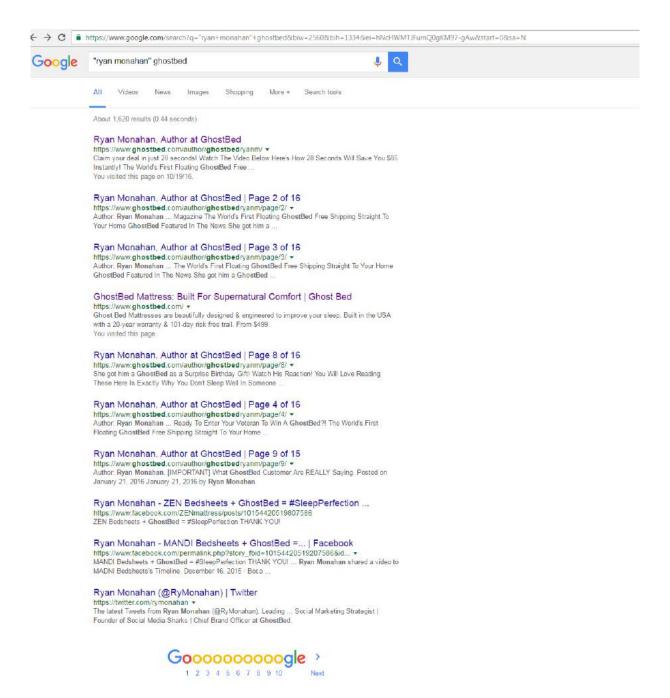
### **Cumulative Impact and Grouping**

116. The overall, cumulative impact of the five separate "Articles," the numerous inflammatory, false and misleading statements, and the groupings of images and the statements combine to create the overall false and misleading impression that Purple is hiding information and that its products are dangerous, all in an effort to smear Purple's reputation, products, and goodwill, and to divert sales to Purple's competitors, including GhostBed.

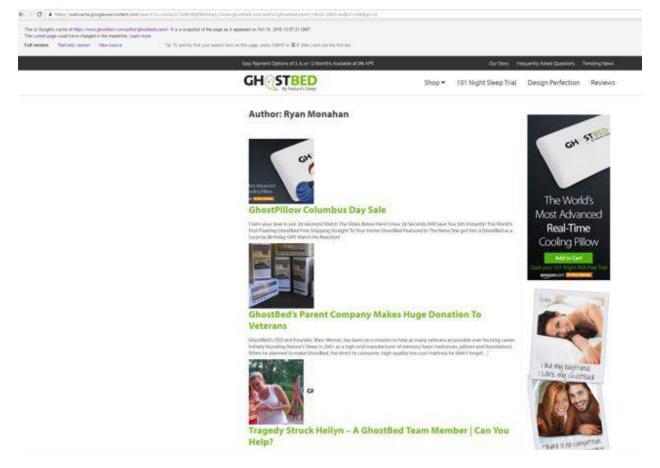
#### Purple Discovers Monahan's Affiliation with GhostBed

- 117. Despite Monahan's efforts to hide his involvement with GhostBed, upon investigation, Purple discovered that Monahad had (at least in the past) been closely associated with Purple's competitor, GhostBed. Specifically, Monahan was previously employed GhostBed's Chief Brand Officer.
  - 118. On October 10, 2016, Monahan formed Honest Reviews, LLC.
- 119. Upon information and belief, Monahan is sole the owner of HMR, has actively and knowingly caused and supported the statements on the HMR Blog; has directed, authorized and participated in the creation and publishing of the statements; and has been the active and conscious force behind the creation and publishing of the statements.
- 120. Upon information and belief, GhostBed has actively and knowingly caused and supported the statements on the HMR Blog; has directed, authorized and participated in the creation and publishing of the statements; and has been the active and conscious force behind the creation and publishing of the statements.

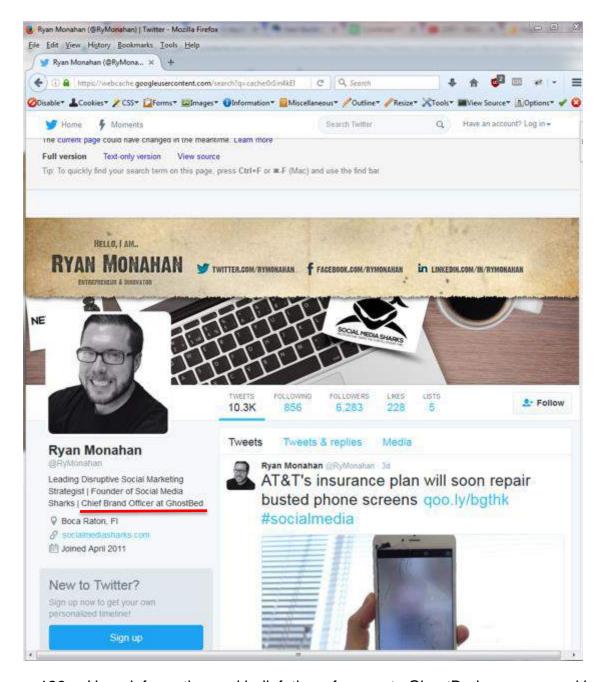
- 121. At or around the same time he formed Honest Reviews, LLC, it appears that Monahan commenced efforts to reduce or remove evidence of his association with GhostBed from his digital footprint.
- 122. For example, a cached Google page showed that Monahan was an author on <a href="https://www.ghostbed.com">www.ghostbed.com</a>:



123. Similarly, a cached Google page identifies Monahan as an author on <a href="https://www.ghostbed.com">www.ghostbed.com</a>:



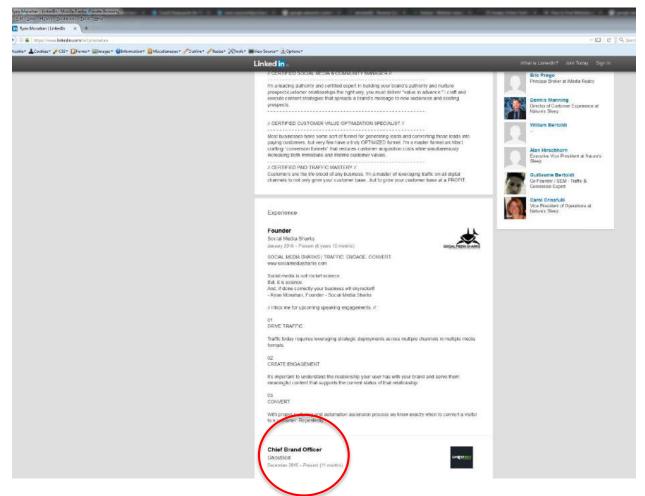
- 124. However, at least some of these pages are now apparently unavailable, or at least they are not easily discoverable through typical internet searches. Upon information and belief, the information has been intentionally removed and/or made more difficult to locate.
- 125. Similarly, Monahan's Twitter profile previously identified him as the Chief Brand Officer of GhostBed:



126. Upon information and belief, the reference to GhostBed was removed in approximately October 2016, but in any event it no longer appears on Monahan's Twitter profile:



127. Similarly, Monahan's LinkedIn also previously identified him as the "Chief Brand Officer" for GhostBed:

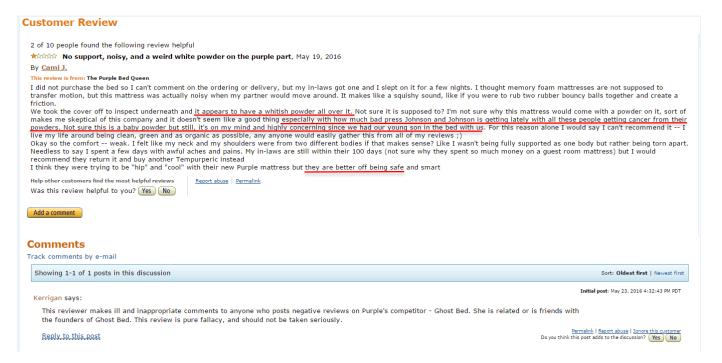


128. Upon information and belief, the reference to GhostBed was removed in approximately October 2016, but in any event, it has been removed from Monahan's LinkedIn profile.

### The GhostBed CEO's Daughter Has Posted False Reviews of Purple on Amazon.com

129. As Purple just recently discovered, in May of 2016, the daughter of GhostBed's CEO posted a review on Amazon.com of the Purple® Bed, making false and misleading statements remarkably similar to some of those now appearing on the Blog,

including purported concerns about the "powder," a baby, "Johnson and Johnson," "cancer," and "safety:"



### Defendants Are Surreptitiously Working to Promote GhostBed Over Other Mattress Companies

- 130. Upon information and belief, HMR, Monahan, and/or other entities owned or controlled by Monahan, are working directly with GhostBed to promote GhostBed products over those of other manufactures, and in return GhostBed is compensating HMR, Monahan, and/or other related entities.
- 131. Upon information and belief, Monahan has continued his association with GhostBed, and is now attacking Purple on the HMR Blog for purposes of benefitting GhostBed and damaging Purple, likely in exchange for some form of financial or other remuneration from GhostBed or related persons or entities.

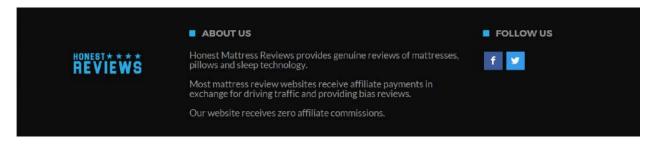
132. Upon information and belief, Defendants are acting in concert to hide the fact that GhostBed is behind the campaign of false and misleading information unleashed on Purple.

### The Blog's Claims of Neutrality and Independence Are False, Misleading, and Highly Likely to Confuse Consumers

- 133. The Blog is carefully designed to convey the overall message and impression to consumers that it is independent, unbiased, and unaffiliated with any particular mattress company.
- 134. Among other things, the numerous "disclaimers" on the Blog are designed to contribute to this overall perception.

#### The Compensation Disclaimers

- 135. The Blog contains a number of disclaimers to the effect that the Blog, HMR, and Monahan are not compensated by any party for any of the content on the Blog, including the purported mattress reviews and comparisons (the "Compensation Disclaimers").
- 136. For example, a statement that, "Our website receives zero affiliate commissions" appears on the footer of every page of the Blog:



137. The "What is Honest Mattress Reviews" page includes the following statement:

Honest Mattress Reviews does not seek affiliate relationships. Nor are we positioned to gain monetary benefits based on consumer buying behavior or decisions.

138. The Responsibility "Article" includes additional statements disclaiming any commission or other relationship with mattress companies, and emphasizing integrity:

Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

#### The "Ethics and Free From Influence Disclaimers"

- 139. The Blog also contains a number of disclaimers to the effect that the Blog, HMR and Monahan are ethical and free from the influence of any mattress manufacturers (the "Ethics and Free From Influence Disclaimers").
- 140. Initially, the Compensation Disclaimers are clearly designed to convey the overall message that the Blog, HMR, and Monahan are ethical and free from the influence of mattress manufactures.
- 141. The Blog includes a number of other statements to this same effect, such as statements on the "Disclaimer" page referencing Monahan's purported "ethics," i.e., "my ethics," a statement that the Blog is "Free from corporate or conglomerates ... [that] silence or shape editorial narratives and truths," that the posts on the Blog "have total editorial independence," and that "No one has influence on ... the posts."
- 142. The "What is Honest Mattress Reviews" page similarly includes a number of statements to this effect, such as claims that the Blog is not interested in "influencing a purchase decision to promote a company;" the Blog does not reflect "a few large companies controlling the narrative;" the Blog "allows companies and consumers

uncensored truth;" the Blog provides "the most accurate data available;" the Blog does "not want just a few giant companies to own the narrative;" and information shared on the Blog must be "accurate and true."

#### The Blog's Mattress Rankings Are Not Independent and Unbiased

- 143. Despite the Blog's numerous representations of its independence and neutrality, the HMR rankings of mattress manufacturers appearing on the Blog are materially misleading to consumers.
- 144. For instance, GhostBed is listed as one of the very highest rated mattresses, appearing as the third entry on the list of companies on the "Reviews" tab of the Blog. The only other mattress companies that have received similarly-high rankings are either not actually in the BIB market, or are small players in the BIB market that pose no threat to GhostBed.
- 145. As noted, GhostBed is ranked third by the Blog, after two mattresses which are not in the BIB market or otherwise competitive with GhostBed. First is a \$4,699 mattress from Tempur-Pedic which is not in the BIB segment and is not price-competitive. Second is a \$1,199 mattress from Nest which, although it is part of the BIB market, is not price-competitive and has not yet even been reviewed on the Blog, yet has nevertheless been ranked as "World-Class:"



- 146. Besides GhostBed and Nest, which has not even been reviewed yet, none of the other players in the BIB market are given the "World-Class" rating on the Blog. In fact, the next competitor that poses any threat to GhostBed is Casper, which is ranked far down 19<sup>th</sup> on the list.
- 147. Purple's mattress, which is 29<sup>th</sup> on the list, is the <u>only</u> product that has received a "Poor" rating on the list (purportedly because of the "white powder" issue), which is depicted through the use of the poison-suggesting red X:



### The Blog and the Disclaimers are False and Misleading

- 148. The overall impression that the Blog is unbiased and independent is literally false and is significantly likely to mislead or confuse consumers, including for the following reasons:
  - (a) The Blog fails entirely to disclose that Monahan was or remains affiliated with GhostBed, including as a spokesman for the company.

- (b) The Blog fails to disclose that Monahan has served as or has been the Chief Brand Officer of GhostBed.
- (c) The Blog fails to disclose that Monahan has received, at least in the past, financial compensation from GhostBed.
- (d) The Blog fails to disclose that, at or about the time that he created HMR and the Blog, Monahan attempted to scrub evidence of his prior affiliation with GhostBed from his digital footprint.
- (e) The Blog does not disclose that Monahan has continued his association with GhostBed, is promoting GhostBed and attacking Purple on the HMR Blog, and that he is doing so in exchange for some form of financial or other remuneration from GhostBed and/or related persons or entities.

### Purple Has Been Injured, Irreparably Harmed, and Faces Additional and Continuing Irreparable Harm

- 149. Since HMR began publishing the "Articles" and the "PSA" on the Blog, a number of customers have demonstrated actual confusion and concern regarding Purple and its mattress and pillow products.
- 150. For example, consumers have asked questions of Purple that are clearly related to the false and misleading statements on the Blog, making references to Purple's products being "toxic," "lawsuits," "toxic chemicals," "a cloud of powder" that would be inhaled, the powder being "talc," and "asthma."
  - 151. The BIB market is in a period of rapid expansion and growth.
- 152. Capturing market share during a period of rapid expansion and growth is critical for competitors like Purple.

- 153. As noted, although Purple did not deliver its first mattress until January 2016, Purple has become one of the four leading BIB companies, and has experienced exponential and rapid growth.
  - 154. Purple is the fastest growing player in the BIB segment.
- 155. In one year, Purple nearly caught up to the market leaders in revenue generation, and if its growth continues, it will surpass its competitors.
- 156. Purple's very positive goodwill and reputation in the marketplace have been critical to its rapid growth and success, and Purple has worked hard and made substantial expenditures to develop these qualities.
- 157. Because Purple relies strictly upon an ecommerce platform for selling its bedding products to its customers, its online reputation and goodwill are of critical importance to its success.
- 158. Defendants' actions have already harmed and will continue to tarnish Purple's goodwill and reputation in the marketplace.
- 159. Defendants' actions, if successful, threaten to slow Purple's growth rate, causing the loss of tens or hundreds of millions of dollars in damage to Purple, which will be difficult to calculate.
- 160. Defendants' actions threaten to adversely affect Purple's ability to attract and retain key employees needed to manage its growth.
- 161. Defendants' actions threaten to adversely affect the value that potential equity partners place on Purple, making it more difficult and expensive if not impossible to raise additional capital.

### **CAUSES OF ACTION**

### FIRST CLAIM FOR RELIEF (LANHAM ACT FALSE ADVERTISING – 15 U.S.C. § 1125(a)(1))

- 162. Plaintiff incorporates the preceding paragraphs by reference.
- 163. Defendants, through the Blog and otherwise, are making in commerce numerous false and misleading descriptions and statements of fact regarding Purple and its goods and services.
- 164. Defendants, through the Blog and otherwise, are engaging in commercial advertising and promotion that materially misrepresent the nature, characteristics and qualities of Purple and its products, and which are designed to promote Purple's competitors over Purple, including, upon information and belief, by selling advertising to competitors who receive favorable ratings and reviews on the Blog.
- 165. Upon information and belief, Defendants are making material misrepresentations and misleading descriptions and statements of fact that are confusing or likely to cause confusion, mistake, and deception as to, among other things, Defendants' affiliation or association with other persons or entities, and as to the sponsorship or approval of Defendants' services or commercial activities.
- 166. Upon information and belief, Defendants are engaging in commercial advertising or promotion that misrepresents the nature, characteristics, and qualities of their own services and commercial activities.
- 167. Many of Defendants' statements are literally false, both facially and by necessary implication, and highly likely to mislead, deceive, and confuse consumers.

- 168. Defendants' misrepresentations have caused and are highly likely to continue to cause consumer confusion and deceive consumers as to Purple's goods and services and the nature, characteristics, and qualities of Purple and its products.
- 169. Purple is suffering and is likely to continue to suffer both lost and diverted sales and harm to its reputation and goodwill, in which it has invested heavily and which it has worked hard to develop over time.
- 170. Purple has suffered and will continue to suffer irreparable injury and damages as a result of Defendants' conduct, including harm to its goodwill, reputation, and market position.
- 171. Monahan, the owner and Editor in Chief of the HMR Blog, is personally liable for Defendants' violations of the Lanham Act because his is an actual participant in the conduct at issue, including because he creates, directs, and controls all content on the Blog, including all of the material related to Purple.
- 172. Purple is entitled to recover its damages, Defendants' profits, the costs of suit, and pre- and post-judgment interest as allowed by law. Because of the willful nature of Defendants' conduct and exceptional nature of this action, Purple is likewise entitled to enhanced damages and attorney's fees.

### SECOND CAUSE OF ACTION (TORTIOUS INTERFERENCE WITH ECONOMIC RELATIONS)

- 173. Plaintiff incorporates the preceding paragraphs by reference.
- 174. Through the conduct set forth above, Defendants have intentionally interfered with Purple's existing and prospective economic relations, including without limitation its customers, repeat customers, and potential customers.

- 175. Defendants' intentional interference has been conducted through improper means, including but not limited to making false and misleading representations of fact regarding Purple and its goods and services, and by falsely promoting its own "reviews" of Purple's products as truthful and legitimate, supported by evidence, sanctioned, and made for purposes of protecting the public, rather than to generate advertising and other income.
- 176. Purple has been injured and will continue to suffer injury as a result of Defendants' conduct, including in the form of lost sales, profits diverted to competitors, including GhostBed, and irreparable harm to its goodwill and reputation.
- 177. As a result, Purple is entitled to damages, costs, attorney's fees, and preand post-judgment interest as allowed by law.
- 178. Because HMR's conduct was willful and/or reckless, Purple is entitled to punitive damages in an amount to be determined at trial.

### THIRD CAUSE OF ACTION (DEFAMATION)

- 179. Plaintiff incorporates the preceding paragraphs by reference.
- 180. Defendants have made and continue to make numerous express and implied false, misleading, and material statements about Purple.
- 181. Defendants' express and implied statements about Purple are not subject to privilege.
- 182. Defendants published the statements with negligence, or knowing that the statements were false, with reckless disregard of whether the statements were true or false, or with malice.

- 183. As a result of Defendants' conduct, Purple has been damaged and harmed in an amount to be determined at trial, which damages include, without limitation, damages harm caused to Plaintiff's property, business, trade, profession, reputation, and goodwill.
- 184. Purple has also suffered and will continue to suffer irreparable harm, including to its business, goodwill, reputation, and market position, due to Defendants conduct.
- 185. Defendants' false statements constitute defamation per se, in that that the statements implicate conduct that is incompatible with the exercise of a lawful business, trade, or profession, such that Purple is entitled to recover general damages without proof of special damages.
- 186. Purple is entitled to damages, costs, attorney's fees, and pre- and postjudgment interest as allowed by law.
- 187. Because Defendants' conduct was willful and/or reckless, Purple is entitled to punitive damages in an amount to be determined at trial.

### FOURTH CAUSE OF ACTION (TRADE LIBEL AND INJURIOUS FALSEHOOD)

- 188. Plaintiff incorporates the preceding paragraphs by reference.
- 189. Defendants have made and continue to make numerous express and implied material statements about Plaintiff's goods and services.
- 190. Defendants' express and implied statements about Purple's goods and services are false.

- 191. Defendants' express and implied statements about Plaintiff's goods and services are not subject to privilege.
- 192. Defendants' express and implied statements about Purple's goods and services were intended to cause financial harm to Purple.
- 193. Defendants published the statements with negligence, or knowing that the statements were false, with reckless disregard of whether the statements were true or false, or with malice.
- 194. As a result of Defendants' conduct, Plaintiff has been damaged and harmed in an amount to be determined at trial, which damages include, without limitation, damages for harm caused to Purple's property, business, trade, profession, reputation, goodwill, and reputational damage in the BIB industry.
- 195. Purple has also suffered and will continue to suffer irreparable harm, including to its business, goodwill, reputation, and market position, due to Defendants conduct.
- 196. Defendants' false statements constitute trade libel per se, in that that the statements implicate conduct that is incompatible with the exercise of a lawful business, trade, or profession, such that Purple is entitled to recover general damages without proof of special damages.
- 197. Purple is entitled to damages, costs, attorney's fees, and pre- and postjudgment interest as allowed by law.
- 198. Because Defendants' conduct was willful and/or reckless, Purple is entitled to punitive damages in an amount to be determined at trial.

### FIFTH CAUSE OF ACTION (TEMPORARY RESTRAINING ORDER AND INJUNCTION)

- 199. Plaintiff incorporates the preceding paragraphs by reference.
- 200. Defendants have violated Purple's rights and have otherwise acted in an unlawful manner, as set forth in the preceding causes of action. Purple has a substantial likelihood of prevailing on the merits of these claims.
- 201. Unless an injunction issues to require Defendants to remove their "Articles" and "PSA," and to restrain Defendants and their officers, agents, servants, employees, and attorneys, and any other persons who are in active concert or participation with them, from publishing any similar information, Purple will suffer irreparable harm, including but not limited to injury to its goodwill, ability to do business, market position, and/or loss of business in an amount difficult or impossible to quantify.
- 202. An injunction prohibiting the publication of false and misleading statements and descriptions would not be adverse to the public interest.
- 203. The threatened injury to Purple far outweighs whatever damage an injunction would or could cause to Defendants, who would not be prohibited from engaging in other lawful activities.
- 204. There is a substantial likelihood that Purple will prevail on the merits of the claims for which injunctive relief is sought, or there are serious issues on the merits which should be the subject of further litigation.
- 205. Therefore, under Rule 65 of the Federal Rules of Civil Procedure and 15 U.S.C. § 1116(a), Plaintiff is entitled to a temporary restraining order and preliminary injunction that includes, at a minimum, the following relief:

- (a) That Defendants and their officers, agents, servants, employees, and attorneys, and any other persons who are in active concert or participation with them, be ordered immediately to discontinue making any and all false and misleading statements with regard to Purple, in any medium or format, including but not limited to removing the "Articles" and "PSA" specifically referenced in this Complaint;
- (b) That Defendants be required to issue corrective advertising or statements on the Blog and elsewhere to remedy the confusion and deception caused by the false and misleading statements with regard to Purple;
- (c) That Defendants be required to issue corrective advertising or statements to correct any and all false and misleading statements regarding, and to fully disclose Monahan's association or former association with GhostBed, and/or HMR's association, affiliation, or receipt of compensation in any form from competitors of Purple;
- (d) That Defendants be required to file with the Court and serve upon Purple a report under oath setting forth in detail the manner and form in which Defendants have complied with the injunction;
- (e) That Defendants and their officers, agents, servants, employees, and attorneys, and any other persons who are in active concert or participation with them, be restricted from making false or misleading or confusing posts or discussions on social media or otherwise about the existence of this lawsuit, the Court's temporary restraining order or other any other orders that may be issued

by the Court, or Purple's efforts herein to restrain Defendants from continuing to engage in the conduct at issue, in an attempt to circumvent the purpose of the injunctive relief sought by Purple; and

(f) Any additional relief warranted at law or necessary to protect

Plaintiff's rights, to be determined by the facts and circumstances at the time of entry of the order.

#### PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests the Court enter judgment against Defendants as follows:

- 1. For a temporary restraining order and preliminary and permanent injunction enjoining Defendants, their officers, agents, servants, employees and attorneys, successors and assigns, and all other persons acting in concert or participation with Defendants, as set forth above;
- 2. For damages sufficient to compensate Plaintiff for Defendants' wrongful conduct and infringement, including for Plaintiff's lost profits, lost sales, Defendants' sales, and/or for lost license fees and royalties;
  - 3. An award of pre-judgment and post-judgment interest and costs;
- 4. An award of reasonable attorneys' fees pursuant to 15 U.S.C. § 1117, 35 U.S.C. § 285, and Utah law; and
- 5. For such other further relief to which Plaintiff may be entitled in law and in equity.

### **DEMAND FOR JURY TRIAL**

Purple demands a trial by jury on all matters herein so triable in accordance with Federal Rule of Civil Procedure 38(b).

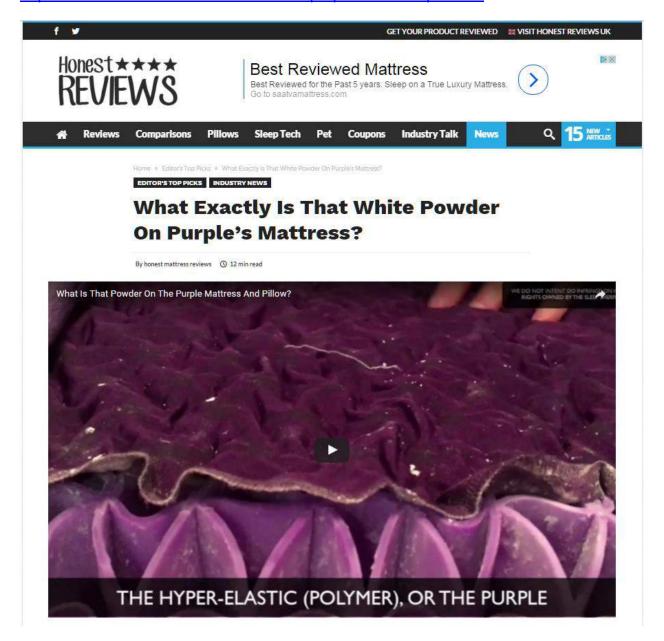
DATED this 24th day of February, 2017.

MAGLEBY CATAXINOS & GREENWOOD

/s/ James E. Magleby
James E. Magleby
Christine T. Greenwood
Adam Alba
Attorneys for Plaintiff Purple Innovations, LLC

## **Exhibit 1**

https://www.honestmattressreviews.com/purple-mattress-powder/





One fact is certain ... Goldilocks and the 'Egg Test Video' reached viral status asking a simple question; 'Does your mattress pass the egg test'? A simple narrative with a comical infomercial style four-minute video changed the conversation amongst consumers. But, here at Honest Mattress Reviews we always ask one simple question; 'Does this benefit the consumer'?

We have praised Purple's creative team for their amazing videos. From Goldilocks to Big Foot, Purple has successfully captured the attention of mattress consumers.

Having reviewed the mattress and currently reviewing the Purple Seat Cushion, we've anxiously awaited the arrival of the 10 pound Purple Pillow (launched on Kickstarted).

We did stumble upon a question while reviewing the mattress layers.

#### Specifically, the top layer that has a powder coating.

What is this white powder? Is it safe? Is it safe to touch your skin? Is it safe to inhale?

We spent months trying to reach different members of Purple's team - but to no avail.



@honestmattress They respond if they are interested in doing business with people, but they may just be busy. Give them some more time. :)



Having seen more interviews, more product review videos, and now the first shipments of Purple Pillows (that all show this powder) we continued to investigate what exactly is this mysterious powder.







The information is not readily accessible in the FAQ section of the website. The product pillow images on the website also do not show the powder on the product.



Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.



After multiple calls, we finally received their 'material information documentation'.

"The Purple™ Bed is made up of three layers. The top is, of course, the hyper-elastic polymer™ comfort grid that is soft where you want it and firm where you need it. The proprietary blend of materials used to create the polymer are FDA-approved food-grade or food-contact grade. Purple™ is hypoallergenic and non-toxic.

For the bottom two layers, we use premium high-density conventional (not memory) foams, which include:

3.50 inches of 1.8 lb/ft3 medium-soft comfort layer



THE purple PILLOW

4.00 inches of 2.0 lb/ft³ medium-firm support layer
All of our foam is certified by CertiPUR-US®. CertiPUR-US® approved foams are
environmentally friendly and safe for users. I invite you to go to CertiPUR-US® to read about
the high standards of certified foams. All of which is, of course, topped with and protected by
2 inches of Purple™ — so the foam is protected to last even longer.

By law, all mattresses sold must pass the national flammability standard. You can read all about that standard at this site by the U.S. CPSC. The important thing to know about Purple is that unlike many other manufacturers, we use no chemical treatments to achieve this standard. Instead we use a special flame barrier fabric with unique non-toxic fibers that naturally slow flames. Both our flame barrier fabric and our glue are GREENGUARD Gold Certified."

Our cover is a patent-pending all-white cover that will stand out with its awesome knit design, all while looking chic in any room. The cover fabric content is as follows: Knit Fabric: 29% Viscose, 67% Polyester, 4% Polyester-Lycra, weight ~450 g/m2. The non-skid bottom panel is made of polyester.

Purple proudly manufactures the Purple™ Bed in the USA, in Alpine, Utah.

Final Thought – we were relieved to see some documentation regarding the materials used finally. As our focus is *consumer interest* and *consumer safety*, it's crucial we ask the tough questions.

In our opinion, Purple is world-class with their marketing, and they are great at product creation. As a consumer, the fact that you're not informed of this powered during the research or purchase phase of the customer journey is wrong. We tested multiple mattress reviewers to come into our office and simulate the purchase process. Then when they had the to opportunity see inside the mattress, the number one question was, "what is this powder"?

We were extremely concerned when we were informed (via telephone call) the power is a Talcum Powered after having watched Johnson & Johnson's multiple multimillion dollar baby powder lawsuits found to cause Ovarian Cancer. We've been reassured that Purple does NOT use Talcum Powder.

But, they remain under a blanket of secrecy answer that the powder is proprietary – so – they cannot disclose what exactly it consists of. The FDA approves many substances that they then later ban from the marketplace. Not being able to know what this substance is, leaves us in the dark today and in the future, should Purple or the FDA change their use or approval of said material(s).

In a perfect world and in a transparency to consumers, we'd like Purple to better disclose what powder material they are introducing into consumers homes before the customer receives the product. Especially as consumers will spend 1/3 of their lives over the next years with this powder directly touching their skin or even potentially inhaling.

Major Key: Marketing A+. Product Quality A+. Disclosing Information F.

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#### A KICKSTARTER TONY PEARCE



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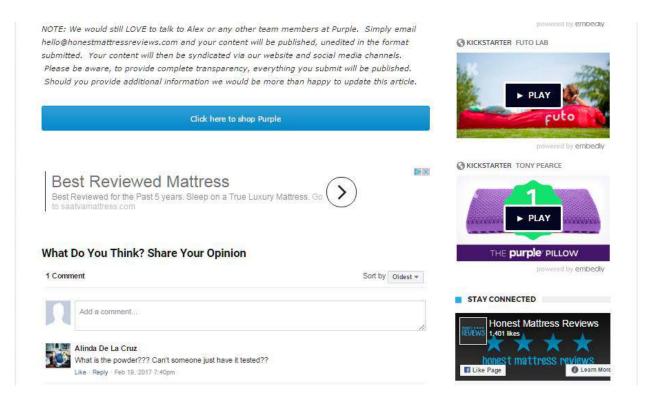
#### LATEST REVIEWS







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# Exhibit 2

https://www.honestmattressreviews.com/purple-mattress-white-powder/



Just over one week ago we launched an investigative article into the unknown chemical that's found on just about every product Purple makes. We've been assured from Purple that the chemical powder that covers their products is 'food grade' and 'non-toxic'. But, as one of our core beliefs at Honest Reviews revolves around a single question, 'Does this benefit the consumer'?

In case you missed it – Having seen more interviews, more product review videos, and now the first shipments of Purple Pillows (that all show this powder) we continued to investigate what exactly is this mysterious powder. The information is not readily accessible in the FAQ section of the website. The product pillow images on the website also do not show the powder on the product. Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.



As you can clearly see there is a tremendous amount of powder coating the internal 'Hyper-Flastic Polymer'.



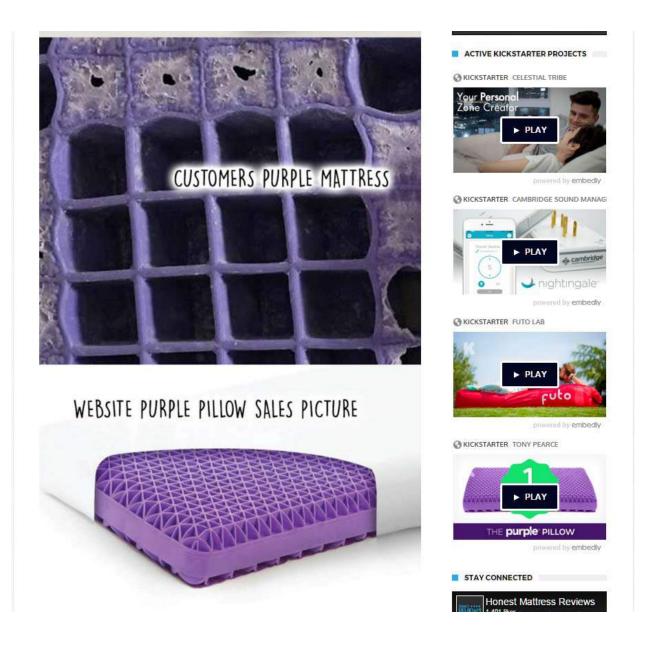














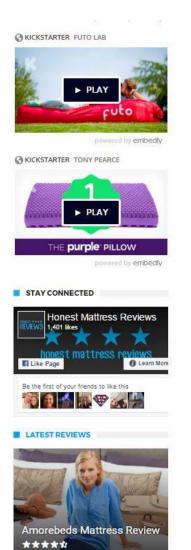
In last week's article, we asked these four simple questions;

- 1. What is this white powder?
- 2. Is it safe?
- 3. Is it safe to touch your skin?
- 4. Is it safe to inhale?

As for question one ... Purple's staff, Goldilocks and Big Foot are all tight-lipped when it comes to what this material is specifically. Just short of saying it's non-toxic and food grade they remain behind a wall of secrecy.

#### Construction

Is it safe? Sounds like a silly question to ask when talking about a product that's sold tens of thousands of mattresses / pillows. But, after spending some time to investigate what Purple's materials consist of ... this is what we found.



Let's start with the mattress components:

#### Top Layer = The top is the 'hyper-elastic polymer' comfort grid.

Understanding the makeup of this layer involves understanding what's used in this 'hyper-elastic polymer'.

Hyper-Elastic Polymer is a fancy marketing term trademarked by EDIZONE, LLC. What does it really mean? "Plasticized elastomeric gel material sold as an integral component of cushioned products, namely, seat cushions and mattress toppers." Click here to see the full trademark information.

Plasticized = Treat or make with plastic.

Elastomeric = An elastic substance occurring naturally, or produced synthetically.

Gel Material = A gel is a solid jelly-like material that can have properties ranging from soft and weak to hard and tough.

Basic explanation = Purple's top layer is synthetically produced plastic in a gel consistency.

One major key that isn't included or very easily found via Purple's documentation is that they <u>do not utilize new materials to make this plastic layer</u>. Rather, they use recycled manufactured products.

### Bottom Two Layer = Premium high-density conventional (not memory) foams.

Many times in the construction of mattress you will see terminology describing the middle and bottom layer as 'premium high-density' foam. This is a well-branded way to describe what is simply 'base foam'. Its sole purpose is to provide support to the top layers and to distribute your natural body weight. You will find base foam in just about every foam mattress on the market today. High-Density base foams are considerably cheaper than memory foam, gel memory foam or latex materials. Base foam is rated based on the density of the foam used. The heavier the mass the great support one would receive.

So we can conclude the Purple Mattress' construction includes a top plastic layer in a grid shape with two high-density foam support layers below. Aside from the plastic being made from recycled products, it seems to check out as safe. But, they are neglecting to disclose one major component – a mysterious white powder that coats the entire top grid layer (also used heavily in the Purple Pillow).

Purple continues to refuse to disclose the true chemical makeup, thus, predisposing consumers to powder without prior warning.

They've told us multiple times it's either "FDA approved food-grade" or "Food-Contact Grade."



GhostRed Mattress Review

Initially, we were relieved by the security that the FDA approved the use of this substance that Purple refuses to disclose. This relief was short lived once we read the definition of 'FDA approved'.

#### Determining the Regulatory Status of a Food Ingredient

Any substance that is reasonably expected to become a component of food is a food additive that is subject to premarket approval by FDA, unless the substance is generally recognized as safe (GRAS) among experts qualified by scientific training and experience to evaluate its safety under the conditions of its intended use. Click here to read more.

The definition from the FDA is rather straight forward. Any substance that is recognized as safe among experts qualified by scientific training and experience to evaluate its safety under the conditions of its intended use. We draw your attention to those last two key words ... <a href="Intended use">Intended use</a>. <a href="Intended use">Intended use</a>.

This substance may be approved safe to use in small quantities after having been tested by scientific professionals. That same substance that's intended to be consumed via tablet form in small controlled doses may have very different outcomes regarding the effect on a human body or while inhaled for eight plus hours a night while you sleep.

Multiple the hours you sleep, by the number of years you own the Purple mattress, and now we ask ... is that the same intended use that the FDA initially approved this substance?

# Does Purple have scientific proof from multiple third party sources confirming through comprehensive testing that this substance is safe to lay on and inhale nightly for years?

We certainly could not find any tests to support that position. If they (Purple) do, we'd love to publish those results right here for all consumers to see in their entirety, ensuring they are in complete safety being subjected daily to this substance. While also warning any individuals with pre-existing respiratory health conditions.

On the contrary, if they do not have scientific proof from multiple credible sources that confirms the use long-term use of this substance with Purple's intended use, (to reduce the sticking of the plastic grids) as safe for long-term contact and inhalation – then we feel they are recklessly predisposing consumers to an untested substance that could directly impact one's short or long-term health. When we asked hyper-specifically this question we found the same answer, 'It's food-grade material'.

The second part of their statement 'Food-Contact Grade' makes us even more concerned for the overall health and wellbeing of consumers.

What are Food-Contact Grade Materials?

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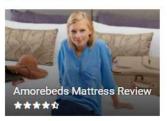


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#### LATEST REVIEWS





Food contact materials are materials that are intended to be in contact with food. These can be things that are quite obvious like a glass, a can for soft drinks, but also machinery in a food factory or a coffee machine. Food contact materials can be constructed from a variety of materials like plastics, rubber, paper, coatings, metal etc. In many cases a combination is used; for example a carton box for juices can include (from the inside to the outside): plastic layer, aluminium, paper, printing and top coating. During the contact of the food contact materials with the food, molecules can migrate from the food contact material to the food. Because of this, in many countries regulations are made to ensure food safety.

In this instance we know it's safe to touch a plastic mustard container or a glass coke bottle.

But, the applications of those food-contact materials are not ground down into a small microscopic powder and inhaled for eight to ten hours a night over the course of the mattresses lifespan.

Powered, even powered sugar or cinnamon can cause irritation of the lung after inhalation. "Natural" or "FDA approved" is not always safe. Just because cinnamon is a naturally-occurring spice — it's harvested from the dried bark of several Cinnamonum tree species — doesn't mean it can't be harmful. Cinnamon is deemed safe for consumption as a food additive under the U.S. Food and Drug Administration's classification of Generally Recognized As Safe, or GRAS, list. But the FDA is silent on spice inhalation.



Should a person elect to consume a teaspoon of cinnamon based on the knowledge of what this will physically do to one's body, the fault resides on the individual. The ingestion of the (cinnamon) powder invariably stimulates the gag reflex followed by inhalation of the powder that's stuck inside the mouth and throat. The pain then causes rapid exhalation characterized by "dragon breath" upon blowing the powder out. Over 200 different reported cases by the U.S. Poison control this year alone.

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THE **purple** PILLOW

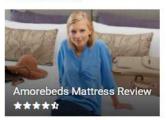
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#### LATEST REVIEWS





Novosbed Mattress Review



GhostBed Mattress Review

Inversely, Purple's prior and current business practices involve deliberately choosing not to inform consumers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

When you look on Purple's website, their high-resolution product images do not show the final product they are shipping. We believe this is a deceptive business practice that could potential irritate or even impact they health of tens of thousands of unknowing consumers.

In a consumer safe perfect world, Purple would willing disclose the substance, include it on their law tag and have a warning to consumers before the point of purchase.

NOTE: We would still LOVE to talk to Alex or any other team members at Purple. Simply email hello@honestmattressreviews.com and your content will be published, unedited in the format submitted. Your content will then be syndicated via our website and social media channels. Please be aware, to provide complete transparency, everything you submit will be published. Should you provide additional information we would be more than happy to update this article.

Click here to shop Purple Products

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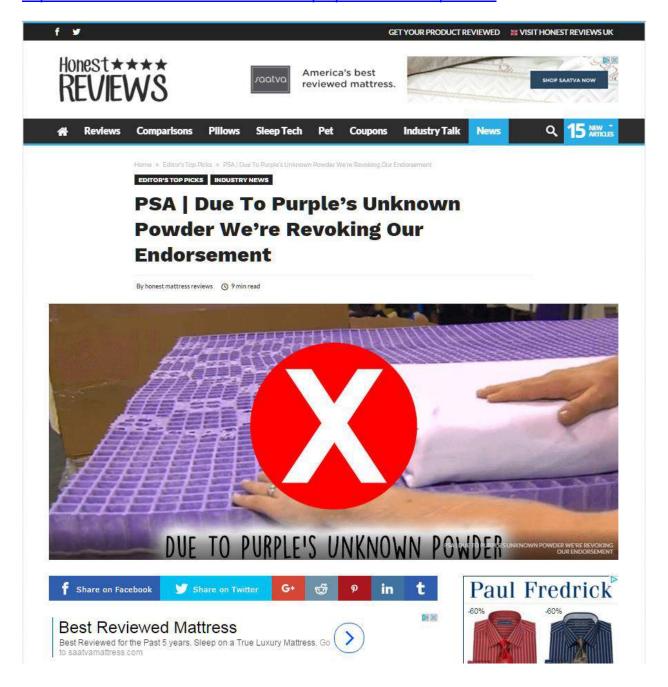
#### THE **purple** PILLOW

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# Exhibit 3

https://www.honestmattressreviews.com/purples-unknown-powder/



Our core beliefs at Honest Reviews revolve around one core question, "Does this benefit the consumer?" As we prior published our concern for an unknown substance Purple continues to coat their products in without consumer warning.

Purple's previous and current business practices involve deliberately choosing not to inform customers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

We've reached out to Purple on via multiple communications platforms, and yet they continue to ignore the potential seriousness of inhalation of this powder.

#### Reference Articles

Take A Tour Through Purple's Mattress Factory In Utah

| What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder



We have stated clearly in the past that Purple offers close to, if not, the best comical infomercial style viral videos. They've already done a tremendous job creating mattress tests to sell consumers on the one track narrative.

Competition and commerce drive innovation. But, as some companies become red hot they tend to run fast and figure out problems later. It's clear the unknown white powder used is there to help with the plastic grid walls as they stick together.



DID YOU SEE THIS?



( )





Success and rapid growth is no excuse for potentially subjecting consumers to a powder that could impair or even impact their physical health.

Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

Once Purple publishes supporting documentation for consumers about the safety of this substance used in the context in which they use it, we will reinstate our recommendation. As a consumer, you have the right and responsibility to research your mattress before you complete your purchase. We're not saying that you should not buy a Purple Mattress. What we are clearly saying is that until consumers are properly informed of this substance we are revoking our recommendation.

NOTE: We would still LOVE to talk to Alex or any other team members at Purple. Simply email hello@honestmattressreviews.com and your content will be published, unedited in the format submitted. Your content will then be syndicated via our website and social media channels. Please be aware, to provide complete transparency, everything you submit will be published. Should you provide additional information we would be more than happy to update this article.



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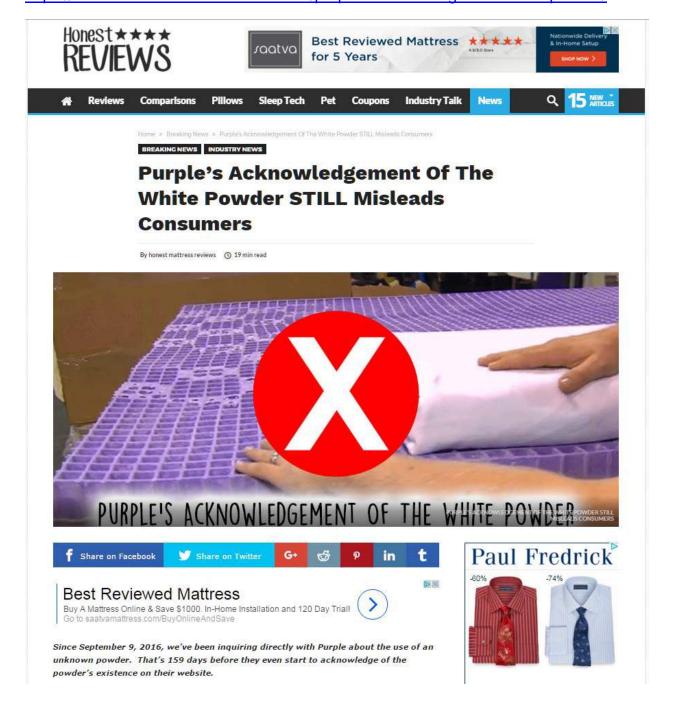


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# Exhibit 4

https://www.honestmattressreviews.com/purples-acknowledgement-white-powder/



In the introduction of their public response for the first time, they start by touting rapid growth and success (see here). We've been a huge fan of Purple's innovative and disruptive marketing approach. We also backed and supported their record Kickstarter campaign. **Need proof?** Look at all of these posts.

Honest Reviews Coverage Of Purple

### If this Powder is completely brand new to you here are some reference articles

| What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder

PSA - Due To Purple's Unknown Powder We're Revoking Our Endorsement

## | When a company, regardless of size, elects to sell consumer products they willingly enter into a social responsibility commitment with their customers.

Thus, every business innately inherits the highest level of accountability regarding consumer safety.

Although we completely disagree with your secretive approach to consumer safety, hiding behind "propriety powder," we do directly pose this question to you – What is stopping you (Purple) from conducting and releasing independent accredited laboratory tests that prove this is safe under the use case of coating Purple mattresses and pillows? Thus, protecting your secret "Plastic" while simultaneously ensuring consumer safety.

# | What is stopping you (Purple) from conducting and releasing independent accredited laboratory tests that prove this is safe under the use case of coating Purple mattresses and pillows?

In your published statement to the public, although comically written, clearly shows your position remains that consumer safety should *rely solely on your written word*.

Everything we do here at Purple centers on our customers. We want everyone's life to be made better by this one-of-a-kind technology. We encourage a healthy and happy lifestyle through our products. Simply said, we ultimately want you feel better and we believe Purple can help.



DID YOU SEE THIS?



( )



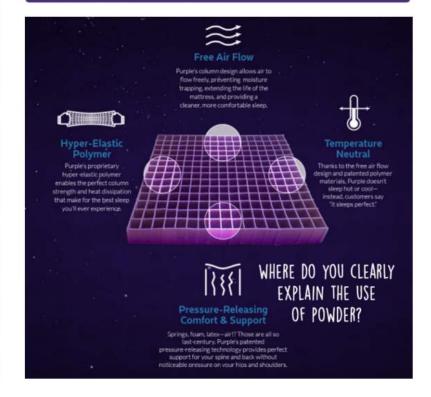


## It took 159 days of inquiry for you to acknowledge it; please forgive us if we're not willing to take you at your trusted word.

Your track record continues to show a reactive transparency approach. You only began to acknowledge customers if they contact you (in regards to the powder). To date, you still do not include this information directly on your product information page (see screenshot below). You claim, "Everything we do here at Purple centers on our customers" when will you be honest and upfront about the use of this in a microscopic powder form that could be inhaled? Don't customers have a right to be informed?

We have machinery that rolls the mattress up and puts it into the shipping packaging—that giant Purple burrito that has become synonymous with comfort. However, due to the nature of our Hyper-Elastic Polymer™, we knew without some sort of ultra-light coating it would stick to itself once under the pressure of the rolling machinery. This is where our non-toxic plastic powder comes in!

We now lightly coat our Purple® mattress and pillow that go through a tight-compression process to enable door-to-door shipping with our non-toxic plastic powder to prevent the Hyper-Elastic Polymer™ from sticking to itself.





ACTIVE KICKSTARTER PROJECTS

KICKSTARTER CELESTIAL TRIBE



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KICKSTARTER CAMBRIDGE SOUND MANAGE



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KICKSTARTER TONY PEARCE



THE **purple** PILLOW

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STAY CONNECTED

We understand that when a product experiences an unforeseen problem that adjustments might have to be made. *Consumers understand and also seek a solution.* 

#### Here's where the issue arises.

Since you're not willing to educate and pre-disclose (at the point of sale);

- a) the existence
- b) what it is or
- c) that's it's proven safe

How do we, the consumer know what you're coating all over your products today are the same as what you coated products in last week, last month or during your "product solution testing?"

Consumers are not guinea pigs. It's the responsibility of the company to conduct all of these product safety tests before shipping product and clearly disclosing the results to inquiring

#### Science is rooted in truth and proven fact.

For a company that claims to be Super Sciencey, you continue to neglect a few very scientific components (such as material disclosure), that you clearly don't see as important per your comical response.

#### Purple: So Sciencey It'll Put You To Sleep - YouTube



https://www.youtube.com/watch?v=qCuP6frAqpA
Feb 4, 2016 - Uploaded by Purple
See just how Purple's hyper-elastic polymer will give you the best nights sleep you

You also seek sympathy in 'protecting 600 jobs' and in your 'trade secrets' which provides you some form of shielding from disclosure.

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

But, your processes is patented and protected. If it wasn't already protected intelliBED wouldn't have to have this disclosure on the footer of their website. After all, they use the same technology or process, right? It says it's licensed to a company owned by Tony Pierce.



#### **G KICKSTARTER FUTO LAB**



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#### KICKSTARTER TONY PEARCE



THE **purple** PILLOW

#### STAY CONNECTED





#### ■ LATEST REVIEWS





Novosbed Mattress Review



intellibed's Footer, "Intell-Gel® IS A REGISTERED TRADEMARK OF EDIZONE, LLC OF ALPINE, UTAH USA. PROTECTED BY U.S. PATENTS 5,749,111, 6,026,527, 6,413,458, 7,060,213, 7,076,822, 7,666,341. INTELLIBED® IS A REGISTERED TRADEMARK OF ADVANCED COMFORT TECHNOLOGIES INC. OF SALT LAKE CITY, UTAH USA."

WITELENES IN A MEDICATIVED TRADEASMIN OF ROCKING LLC OF ALPHIR, LITHAN USA PROTECTIO BY U.E. PATENTS S. PRILLY ADMISTER, ADMIS

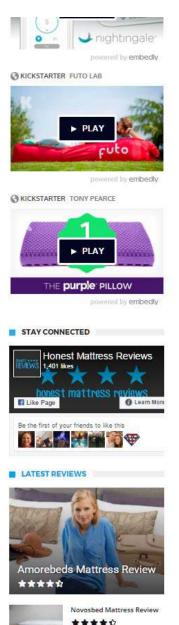
Purple's Footer, "Protected by one or more of U.S. Patents 5,749,111; 6,026,527; 7,076,822; 7,730,566; 7,823,233; 7,827,636; 7,964,664; 8,607,387, and 9,051,169, with others pending. Purple and all product names comprising Purple, Hyper-Elastic Polymer, and No Pressure are trademarks of EdiZONE, LLC of Alpine, Utah USA."

Fronticed by are ar review of U.S. Planes S. Nelscott, G.O.S. S.F. 705/602, 1790.000, 1823.223, 7837.500, 7904.004, 6,007.961, and 5051.325 with others pending. Purple and all anothers review comprising Purple, report Statistic Polymon, and Nelscott Associated by the art of the Section of U.S. Polymon of the Polymon of the Section of U.S. Polymon of the Section of U.S. Polymon of U.S. Polymon of the Section of U.S. Polymon of the Section of U.S. Polymon of U

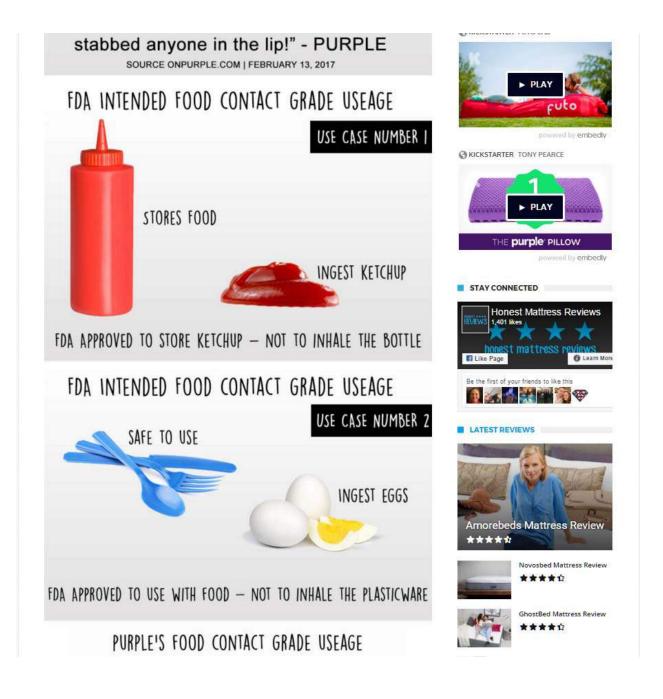
| Purple's publication is proof of how naive they truly believe American Consumers are. To say, it's safe because it comes from the same family of plastic forks, neglecting the fact that in Purple's use case (coating mattresses and pillows) it could be inhaled directly into your lungs, is downright insulting.

"It is a food-contact-grade material, meaning that this family of plastic materials can be used for eating utensils, children's toys, etc.

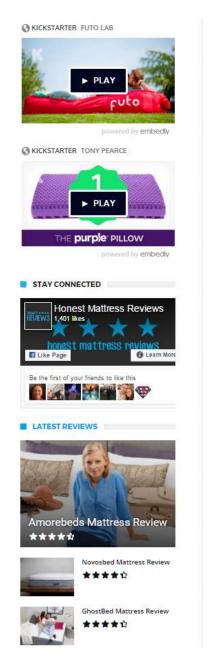
You can **think** of it being as **safe** as **eating with** a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever



GhostBed Mattress Review









PURPLE HAS TAKEN THE DEFINITIVE POSITION THAT COVERING THEIR MATTRESS AND PILLOW IN THIS PLASTIC POWDER THAT'S INHALED NIGHTLY FOR THE DURATION OF THEIR PRODUCT'S LIFECYCLE IS THE EQUIVALENT OF EATING WITH A PLASTIC FORK.

YES, IT'S SAFE TO EAT WITH A PLASTIC FORK. PURPLE CONSUMERS AREN'T EATING IN BED — THEIR INHALING THE MATTRESS.

PLEASE DISCLOSE THE SCIENTIFIC PROOF THAT INHALING THAT PLASTIC WILL NOT INDUCE ANY LUNG OR RESPIRATORY IRRITATION.

ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

ADDITIONALLY, PLEASE SHARE ACCREDITED THIRD PARTY STUDIES THAT SHOW SCIENTIFIC EVIDENCE SUPPORTING YOUR POSITION IN A MULTI—YEAR TEST WITH EIGHT HOURS USE PER NIGHT. ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

Your blanket statement quoted above is like saying "Gas is safe in a car, so inhaling gasoline must also be safe." Obviously, you're not using gasoline – but – it's an example that a different use cases a product, chemical or substance can have very different effects.

#### Intended Use is the issue at hand.

Merely acknowledging existence (only after constant questioning) is not putting consumer safety first – in our opinion. Which is a direct contradiction of your published response (again, see here).

Everything we do here at Purple centers on our customers. We want everyone's life to be made better by this one-of-a-kind technology. We encourage a healthy and happy lifestyle through our products. Simply said, we ultimately want you feel better and we believe Purple can help.









GhostBed Mattress Review

# In our humble opinion, your response is a meek attempt to provide a comical answer in hopes customers will stop the flow of powder inquiries.

5. You can think of it being as safe as eating with a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever stabbed anyone in the lip!

With the utmost respect, we ask, when will you release your completed due diligence ensuring the product we consumers are buying is safe to inhale?

## You did raise one point in your response that we did not initially think to question.

Your 600 employees who are in direct contact with this substance don't appear to have protected masks to shield their inhalation. If a factory worker's shift is eight hours, then sleeps eight hours on a Purple mattress; what are the effects of 16 hours a day exposure? Do you provide training and education to your employees who are on the floor manufacturing these products? Do you provide gloves and mask to every employee?





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(A) KICKSTARTER FUTO LAB



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★ICKSTARTER TONY PEARCE



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Be the first of your friends to like this.

**LATEST REVIEWS** 

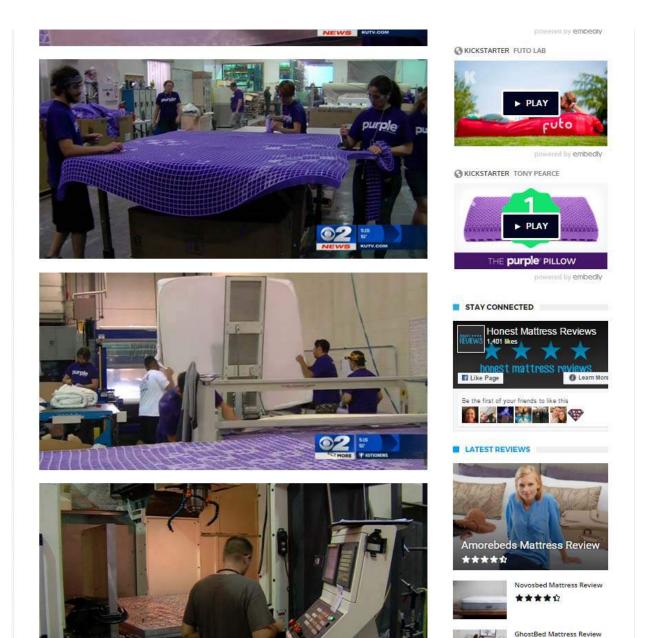




Novosbed Mattress Review



GhostBed Mattress Review





Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

Once Purple publishes supporting documentation for consumers about the safety of this substance used in the context in which they use it, we will reinstate our recommendation. As a consumer, you have the right and responsibility to research your mattress before you complete your purchase. We're not saying that you should not buy a Purple Mattress. What we are clearly saying is that until consumers are properly informed of this substance we are revoking our recommendation.

NOTE: We would still LOVE to talk to Alex or any other team members at Purple. Simply email hello@honestmattressreviews.com and your content will be published, unedited in the format submitted. Your content will then be syndicated via our website and social media channels. Please be aware, to provide complete transparency, everything you submit will be published. Should you provide additional information we would be more than happy to update this article.

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#### KICKSTARTER FUTO LAB



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#### KICKSTARTER TONY PEARCE



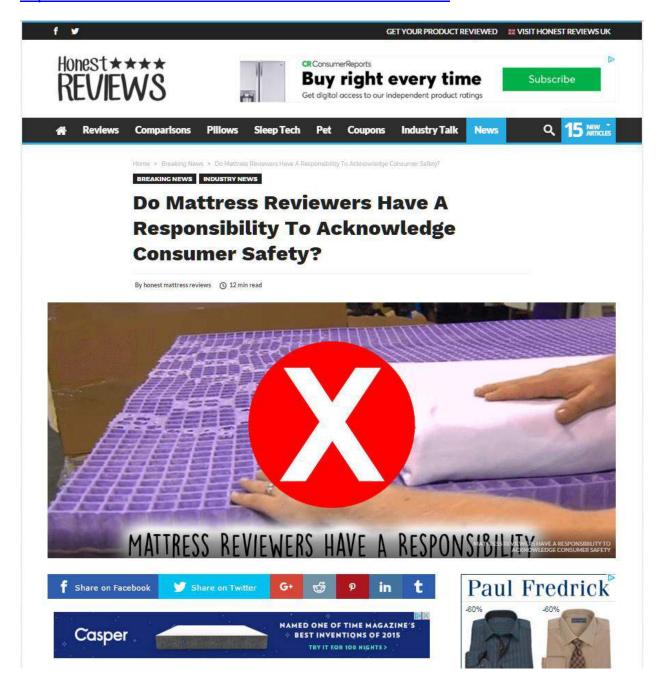
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#### STAY CONNECTED



# Exhibit 5

https://www.honestmattressreviews.com/mattress-reviewers/



A doctor is required to take the Hippocratic Oath before officially becoming a doctor.

Reviewers possess a unique, influential power that if misused could unintentionally

(or intentionally) steer a consumer into the wrong decision.

In this oath doctors truly commit to the mindset, "First do no harm."

Followed by humility, "I will not be ashamed to say "I know not."

Finally, orally confirming, "Neither will I administer a poison to anybody when asked to do so, nor will I suggest such a course."

Now, it's true the responsibility of a physician is far greater than that of a reviewer.

But as more consumers turn to the internet for honest, unbiased opinions the importance of a **Reviewer Integrity Oath** should now be the leading emerging topic amongst reviewers. We've taken it upon ourselves to draft the first version of a **Reviewer Integrity Oath**. We will publish this seeking the input of other top reviewers as this will be a collaborative effort to create a fair, truthful and sincere review general guidelines.

### Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety? We certainly believe so!

About the Mattress Review Space, we at Honest Mattress Reviews believe truly there is a mattress for everyone. So it's not about which is the best-rated mattress on the internet.

| Rather, our mission at Honest Mattress Reviews is to help you identify on an individual basis which mattress will best suit your needs and exceed your personal comfort expectations.

In recent days we've published research information regarding Purple's use of "Plastic" powder. Reviewers behavior and actions will stand as the precedent for consumer interests moving forward. We have a long history of publishing a lot of content about Purple and their amazing videos and we truly look forward to publishing documentation that addresses consumer concerns so we can again promote the Purple Mattress.

As more companies enter the direct to consumer mattress space its the responsibility of each individual company to ensure the products they ship are completely safe.

| We also believe it's the responsibility of mattress reviewers to question, research, conduct tests, and ultimately advise your audience based on the best available knowledge.

As each of these mattress reviewers has longstanding credibility within this industry as subject matter experts we pose this question to the industry's top reviewers.

| What is your position on Purple's use of a plastic powder without any clear and concise evidence this is safe under these conditions?





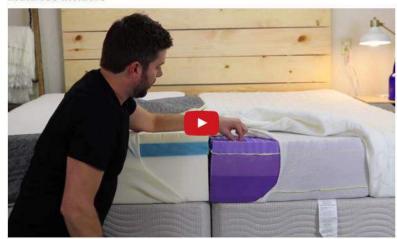








#### **Mattress Insiders**



#### Copyright Mattress Insiders



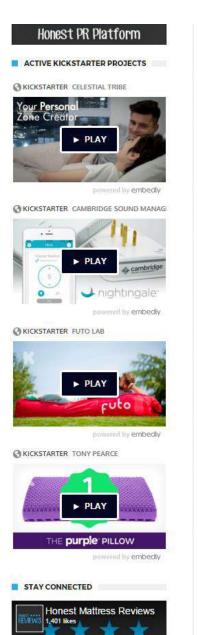
Mattress insiders We are actively looking into this issue as well. So far we have not been given a clear answer and will be adding that to our overall

Like · Reply · Message · 49 mins

#### The Sleep Sherpa

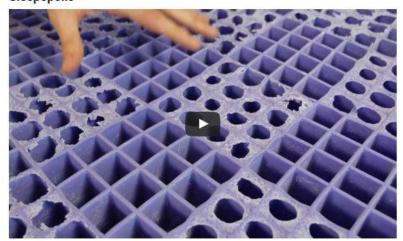


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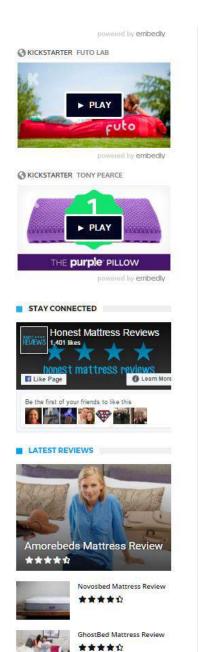


#### Sleepopolis



Copyright Sleepopolis







Update – yesterday we published to Purple, "With the utmost respect, we ask, when will you release your completed due diligence ensuring the product we consumers are buying is safe to inhale? As of this publication, they have yet to respond to us at all. We will keep you posted if we hear an answer to this inquiry.

Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

Once Purple publishes supporting documentation for consumers about the safety of this substance used in the context in which they use it, we will reinstate our recommendation. As a consumer, you have the right and responsibility to research your mattress before you complete your purchase. We're not saying that you should not buy a Purple Mattress. What we are clearly saying is that until consumers are properly informed of this substance we are revoking our recommendation.

### If this Powder is completely brand new to you here are some reference articles

What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder

PSA - Due To Purple's Unknown Powder We're Revoking Our Endorsement

Purple's Acknowledgement Of The White Powder STILL Misleads Consumers

NOTE: We would still LOVE to talk to Alex or any other team members at Purple. Simply email hello@honestmattressreviews.com and your content will be published, unedited in the format submitted. Your content will then be syndicated via our website and social media channels. Please be aware, to provide complete transparency, everything you submit will be published. Should you provide additional information we would be more than happy to update this article.



JS 44 (Rev. 08/16)

### CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS PURPLE INNOVATIONS	y, HONEST F	DEFENDANTS HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, INC., a Delaware corporation				
(b) County of Residence of	County of Residence of First Listed Defendant  (IN U.S. PLAINTIFF CASES ONLY)  NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.					
(c) Attorneys (Firm Nume, James E. Magleby, Christ Magleby Cataxinos & Ground 1100, Salt Lake Cit	stine T. Greenwood, Ar eenwood, 170 South N	dam Alba ⁄Iain Street	Attorneys (	lf Known)		
II. BASIS OF JURISDI	CTION (Place on "X" in O	ne Box Only)	III. CITIZENSHII	OF PRIN	CIPAL PARTIES	(Place an "X" in One Box for Plaintiff
☐ 1 U.S. Government Plaintiff	☐ 3 Federal Question (U.S. Government Not a Party)		(For Diversity Cases Only)  PTF DEF  Citizen of This State  A       1     1			
O 2 U.S. Government Defendant	■ 4 Diversity     (Indicate Citizensh	ip of Parties in Item III)	Citizen of Another Stat	e 02	★ 2 Incorporated and B of Business In a	Another State
			Citizen or Subject of a Foreign Country	пз	3 Foreign Nation	
IV. NATURE OF SUIT					ck here for: Nature of Su	
□ 110 Insurance □ 120 Marine □ 130 Miller Act □ 140 Negutiable Instrument □ 150 Recovery of Overpayment ⊕ Enforcement of Judgment □ 151 Medicare Act □ 152 Recovery of Defaulted Student Leans ⊕ (Excludes Veterans) □ 153 Recovery of Overpayment of Veteran's Benefits □ 160 Stockholders' Suits □ 190 Other Contract □ 195 Centract Product Liability □ 196 Franchise □ 210 Land Condemnation □ 220 Furcelostre □ 230 Rent Lease & Ejectment □ 240 Torts to Land □ 245 Tort Product Liability □ 290 All Other Real Property	PERSONAL INJURY  310 Airplane  315 Airplane Product Liability  320 Assault, Libel &	PERSONAL INJURY  PERSONAL INJURY  365 Personal Injury Product Liability  367 Health Care/ Pharmaceutical Personal Injury Product Liability  368 Asbestos Personal Injury Product Liability  PERSONAL PROPER:  370 Other Fraud  371 Truth in Lending 380 Other Personal Property Damage 385 Property Damage 385 Property Damage Product Liability  PRISONER PETTION Habeas Corpus:  463 Alien Detainee  510 Motions to Vacate Sentence 530 General 535 Death Penalty Other:  540 Mandamus & Other 550 Civil Rights 555 Prison Condition 560 Civil Detainee - Conditions of	of Property 21  7 690 Other  LANOR  17 10 Fair Labor Stan Act 720 Labor/Managen Relations 740 Railway Labor 1751 Family and Mec Leave Act 790 Other Labor Lit J 791 Employee Retir Income Security	Jacobs	BANKRUTTCV.  22 Appeal 28 USC 158 23 Withdrawal 28 USC 157  **ROPERTY RIGHTS** 20 Copyrights 30 Patent 40 Tradematk  OCIAE SECURITY 61 HIA (1395ff) 62 Black Lung (923) 63 DIWC/DIWW (405(g)) 64 SSID Title XVI 65 RSI (405(g))  **EDERAL TAX SUITS* 70 Taxes (U.S. Plaintiff or Defendant) 71 IRS**—Third Party 26 USC 7609	375 False Claims Act 376 (Qui Tem (31 USC 3729(a))  400 State Reapportionment 410 Antitrust 430 Banks and Banking 450 Commerce 460 Deportation 470 Racketeer Influenced and Corrupt Organizations 480 Consumer Credit 490 Cable/Sat TV  850 Securities/Commodities/ Exchange 890 Other Statutory Actions 891 Agricultural Acts 893 Environmental Matters 895 Freedom of Information Act 896 Arbitration 899 Administrative Procedure Act/Review or Appeal of Agency Decision 950 Constitutionality of State Statutes
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DATE 02/24/2017		SIGNATURE OF ATT				
FOR OFFICE USE ONLY  RECEIPT # AMOUNT APPLYING IFP				Assigned	17∼cv−00138 I To : Warner, Paul Date : 2/24/2017	M.

Description: Purple innovations v. Honest Reviews et al

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Attorneys for Purple Innovations, LLC

# IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

MOTION FOR TEMPORARY RESTRAINING ORDER

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

Case No.: 2:17-cv-00138-PMW

Magistrate Judge Paul M. Warner

Under Rule 65(b) of the Federal Rules of Civil Procedure, Plaintiff Purple Innovations, LLC ("Purple"), by and through its counsel Magleby Cataxinos & Greenwood, respectfully moves the Court for entry of a temporary restraining order against Defendants Honest Reviews, LLC, dba as or through <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a>, Ryan Monahan, and GhostBed, Inc. (collectively, "Defendants").

#### INTRODUCTION

Purple has recently become the target of a concerted, widespread, and public online smear campaign, which threatens to go viral if it has not already, falsely accusing Purple's products of being unsafe and dangerous to the public,<sup>1</sup> attacking Purple's stellar reputation and goodwill, and attempting to displace its prominent position in the rapidly-expanding "bed-in-a-box" ("BIB") market. These statements are both literally false, false by necessary implication, and likely to mislead and confuse consumers, taken separately or in the context of the overall message and the dozens of statements. These statements include (i) accusing Purple of "administer[ing] a poison," "deceitful business practice[s]," "recklessly predisposing consumers to an untested substance," using its customers as "guinea pigs," and putting its employees' health at risk; (ii) using inflammatory language in connection with Purple's products, such as "ovarian cancer," "made up tests," "impact the[] health of tens of thousands of unknowing consumer[s]," "damaging to those with respiratory issues," "short or long-term health," "dragon breath," "U.S. poison control, "lung and respiratory irritation," and "inhaling gasoline; and (iii) analogizing Purple's products to "Johnson & Johnson's multiple multi-million dollar baby powder lawsuits." These false and misleading statements are often bolded or otherwise

<sup>&</sup>lt;sup>1</sup> Purple is not a fly-by-night company. Its founders are engineers with experience in advanced aerospace materials, manufacturing, design, and project management. They have over 30 patents in cushioning technology, and they have designed and sold products in the medical-device industry, including cushioning for wheelchairs and used by licensees for critical care medical beds and knee and ankle braces.

emphasized, so as to present them in the most alarming manner possible, including by attaching a large red circle with a big letter "X" in the center.

The problem is compounded because Defendants are misleading the public into believing that they are independent and unbiased reviewers of mattress products, when in fact they are not. While the publishers of these false, misleading, and defamatory statements purport to be independent and unbiased, unaffiliated with any of Purple's competitors, the drivers of the campaign are Ryan Monahan ("Monahan"), a former officer of Purple's primary competitor, Defendant GhostBed, Inc. ("GhostBed"); Monahan's newly-formed company, Defendant Honest Reviews, LLC ("HMR"), which owns and operates the affiliated website or blog www.honestmattressreviews.com (the "Blog"); and GhostBed. The evidence shows that GhostBed has surreptitiously conspired with Monahan and HMR to pursue the campaign against Purple. Until at least October 2016, Monahan was employed as GhostBed's Chief Brand Officer. However, at about the same time he founded HMR and launched the Blog, Monahan took steps to remove from his online profile any references to his past affiliation with GhostBed. Specifically, while various websites, including Monahan's Twitter profile, previously identified Monahan as having been affiliated with GhostBed, evidence of that affiliation is now curiously absent, or at least much more difficult to find.

Moreover, Purple recently learned that the daughter of GhostBed's CEO had previously made posts about Purple on Amazon.com, under a fake name, and – just as Defendants are now doing on the Blog – analogizing Purple's products to those that cause "cancer," like Johnson & Johnson baby powder. It is clear that the purpose of the

campaign is to disparage Purple to the benefit of GhostBed, including by giving extremely negative reviews to Purple and extremely positive reviews to GhostBed on the Blog, such that GhostBed can unfairly disadvantage its chief, up-and-coming competitor.

GhostBed has incentive to pursue this smear strategy. While GhostBed has been a leader in the BIB market for some time, Purple's success and rapid growth have made it a strong new entrant. Since shipping its first mattress in 2016, Purple has become one of the top four players in the quickly-growing market. In accordance with this tactic, beginning in January 2017, HMR and Monahan have published five separate and lengthy posts or "articles" regarding Purple on the Blog, each of which is also readily available through basic internet searches and on various social media platforms, including Facebook and Twitter. These "articles," which are specifically designed to appear as "official" news items, bearing taglines such as "BREAKING NEWS," all contain demonstrably false and misleading statements to the effect that Purple's products are unsafe and dangerous to the public. In addition, the "articles" falsely and misleadingly attack Purple as being untruthful, evasive, and seeking to hide pertinent safety information from its customers.

The statements on the Blog are false and misleading in yet another respect.

Through a series of "Disclaimers," HMR and Monahan assert that the reviews and product comparisons they conduct and post on the Blog are fully independent and unbiased. Among other things, they claim that they are not affiliated with any mattress company appearing on the Blog, including those who purchase advertising on the Blog,

and that they receive no monetary compensation from any mattress company. Given the affiliation with GhostBed, however, these statements appear to be false. If GhostBed or any other mattress company is receiving favorable reviews in exchange for monetary or other benefits, including by virtue of a mattress company's purchase of advertising on the Blog, then the statements regarding HMR's and Monahan's "neutrality" are untrue and, at a minimum, materially misleading to the public.

Purple is entitled to a temporary restraining order to enjoin Defendants' improper conduct, and each of the requirements for obtaining such relief is clearly satisfied in this case. First, Defendants' false and misleading statements have already caused and will continue to cause irreparable injury to Purple, including to its goodwill, reputation, and market position. In fact, numerous consumers have already reported being confused and made inquiries questioning the safety Purple's products and the integrity of the company.<sup>2</sup> Second, the requested temporary injunction will serve the public interest by ceasing the publication of false and misleading consumer information, encouraging the publication of truthful consumer information, protecting Purple's goodwill, and promoting honest and fair competition. Third, the balance of harms weighs strongly in favor of issuing a temporary restraining order. While Purple faces the prospect of substantial and continuing irreparable harm, the requested temporary restraining order would restrain Defendants only from doing what they should not be doing in the first place; namely, creating and widely disseminating false and misleading statements about

<sup>&</sup>lt;sup>2</sup> Some of the consumer inquiries to Purple utilize language that is very similar or identical to the false and misleading statements being published online by Defendants.

Purple and its products over the internet. Finally, as set forth below, the facts make clear that Purple is substantially likely to prevail on the merits of its claims for Lanham Act false advertising, tortious interference with economic relations, defamation, and trade libel. For all of these reasons, including the minimal or non-existent risk that Defendants will be harmed by any wrongfully-entered injunction, no bond should be required if a temporary restraining order issues.

In short, Purple respectfully requests that the Court grant its motion and enter a temporary restraining order without bond against Defendants.

## **STATEMENT OF FACTS**<sup>3</sup>

## **Purple**

- 1. Purple is an innovative and successful Utah company focused upon bringing technologically advanced comfort products to the market to resolve and alleviate pain experienced by consumers while lying in bed, sitting, or standing. See Declaration of Sam Bernards ("Bernards Decl.") ¶ 4, attached hereto as Exhibit "A."
- 2. Since launching its first mattress product, the Purple® Bed, Purple has enjoyed tremendous success, growing from fewer than 50 employees in January 2016 to over 600 employees in February 2017, all of whom are located in Utah and many of whom are involved in the manufacturing of Purple's products. See id. ¶ 5.

<sup>&</sup>lt;sup>3</sup> Many of the facts set forth herein and in the attached declaration of Purple's CEO are included in Purple's Complaint filed against Defendants on February 24, 2017. [See Doc. No. 2]. However, certain additional facts have been added since that date, such that it is not practical to incorporate the Complaint by reference.

- 3. Purple has also expanded its business beyond the Purple® Bed, and now provides a variety of innovative, quality products related to the mattress and sleep market, including the Purple® Pillow. See id. ¶ 6.
- 4. The seeds of Purple's business were planted in 1989, when brothers Tony and Terry Pearce, both engineers, decided to apply their engineering skills to develop innovative products that would improve the quality of life for their customers. *See id.* ¶¶ 7-8.
- 5. By 1993, the Pearce brothers discovered that there was a pressing need for better wheelchair cushioning. Pressure sores were a common and extremely painful reality in the lives of wheelchair users. Taking on that challenge, the Pearce brothers created Floam™, the world's lightest-weight cushioning fluid. Soon, the Pearces obtained five patents associated with Floam™, which was being used in not only wheelchair cushions, but also by major licensees in products such as critical-care medical beds (Hill-Rom), footwear (Nike), ankle/knee braces (Johnson & Johnson), and golf bag straps (Top-Flite).
- 6. The key discovery came when Hyper-Elastic Polymer™ was molded in a shape that could "relax" under pressure points, redistributing the pressure to other areas. See id. ¶ 9. The same feature turned out to provide highly effective back support in mattresses.
- 7. As time went on, the Pearces or their companies licensed predecessor products of Purple to numerous different entities, including makers of critical care medical beds (Stryker Medical); consumer mattresses in Europe (Svane by Ekornes),

Japan (Francebed), and Australia (Sleepmaker); backpack straps (Jansport); shoe insoles (Dr. Scholl's Massaging Gel and Sof-Sole); pillows (Sleep Innovations); soft-catch toy balls (Nickelodeon); wheelchair cushions (EquaPressure); and many other advanced cushioning products.

- 8. Eventually, the Pearce brothers created a patented machine called Mattress Max<sup>™</sup>, which took over two years and several million dollars to develop. Now, the Mattress Max<sup>™</sup> is used to make Hyper-Elastic Polymer<sup>™</sup> in the USA in sizes large enough to fully cover a king-sized mattress, and at production rates and costs that allow the products to be sold affordably online. *See id.* ¶ 10.
- 9. Additional innovations and improvements have been made over time, including as to the discovery of the proprietary non-toxic anti-tack powder, which is made from plastic from a family of plastics used for food containers and children's toys, and which has been allowed for use in surgical implants by the FDA. The plastic powder used by Purple sticks to the Hyper-Elastic Polymer™ and prevents the mattresses and pillows from sticking to themselves when they are compressed for shipping. Purple is currently seeing patent protection for the use of the anti-tack powder in this manner. See id. ¶ 11.
- 10. The Pearce brothers own numerous cushioning-related patents and pending patent applications. See id. ¶ 12.
- 11. Purple would not sell product to consumers if it had any reason to believe its products were unsafe. See id. ¶ 13.

- 12. Purple attempts to continually improve its processes to use the appropriate amount of powder on its products for shipping to consumers. Both mattress and pillow products having this powder have covers over the powdered Hyper-Elastic Polymer™ when shipped to consumers as finished products, and these products are typically used by consumers with a mattress protector and/or sheet (bed only) or a pillow case. See id. ¶ 34.
- 13. Apart from the obviously edited clips of telephone calls posted on the Blog, which purport to be calls to Purple from HMR representatives (who do not identify themselves as such, or the fact that the conversations are being recorded), Purple is unaware of any efforts by GhostBed, HMR, or Monahan to contact Purple about the safety of its products or the anti-tack powder, and is unaware of any Purple representatives who have refused to provide pertinent, non-confidential information. See id. ¶ 35.
- 14. Because Purple discovered the innovative anti-tack powder itself, the exact identification of the powder is currently proprietary. Purple has applied for patent protection related to the use of the powder. See id. ¶ 36.

## **Purple's Online Marketing Strategy**

15. Beginning in 2016, Purple embarked upon a marketing and sales strategy designed to get its products into the hands of consumers at better-than-competitive prices. See id. ¶ 14.

- 16. Purple has successfully focused upon the "Bed-in-a-Box" ("BIB") mattress market segment. Purple does not have brick and mortar stores but instead sells its bedding products solely through an e-commerce platform. See id. ¶ 15.
- 17. Purple's competitors in the BIB market include GhostBed, Casper, Leesa, and Tuft & Needle, among others.
- 18. Purple passes along to its consumers the cost savings it achieves through its vertical integration strategy of innovation, manufacturing, and marketing, as illustrated by a graphic on Purple's website:



https://onpurple.com/mattress; see also Bernards Decl. ¶ 17.

19. In response to online orders, Purple delivers mattresses to consumers for a risk free trial. In fact, Purple currently offers consumers 100 days to try its mattress product, and it provides a full refund if the customer is not satisfied. See Bernards Decl. ¶ 18.

- 20. The BIB segment is the fastest growing segment in the multi-billion-dollar mattress industry. See id. ¶¶ 19-20. In 2015, the BIB market only accounted for an estimated 9% of online mattress purchases, but by 2016 the BIB market had grown to an estimated 30% of online purchases, representing a growth in the hundreds of millions of dollars.
- 21. For example, one estimate is that the BIB market share of \$800 million in 2016 will grow to \$1.4 billion by the end of 2017.
- 22. Although Purple did not launch its mass production and major marketing campaign until January 2016, Purple has become one of the four leading BIB companies, experiencing exponential and rapid growth. See id. ¶ 22.
- 23. Purple places a high value on the safety, reliability, and quality of its products. Purple has invested millions of dollars into research and development and our manufacturing processes. Its mattresses have passed all governmental safety requirements, enabling Purple to deliver on the promise of providing a superior sleep experience. See id. ¶ 23.
- 24. Purple's positive goodwill and reputation in the marketplace have been critical to its rapid growth and success, and Purple has worked hard and made substantial expenditures to develop these qualities, including our unique, effective, and innovative marketing and the development of our online presence. See id. ¶ 24.
- 25. Indeed, Purple's website has drawn at least tens of millions of visitors, and its marketing videos have hundreds of millions of views. Purple's popularity and high online visibility may actually be contributing to Defendants' efforts to malign Purple by

drawing additional visitors to the HMR Blog and related social media, because the HMR Blog and social media posts are likely to appear as search results, thus diverting potential customers to the Blog and GhostBed's "world class" rating on the Blog.

26. Given Purple's success, Purple poses a significant threat to its competitors, including in particular GhostBed, which accordingly has a strong incentive to undermine Purple in the BIB market.

#### **The Mattress Review Business**

- 27. Because of the already-large traditional mattress market and the growing BIB market, and because of the importance of customer and other reviews to an e-commerce market strategy, see, e.g., id. ¶¶ 27, 44, a number of websites have emerged that include reviews of both traditional and BIB mattresses. These websites include not just platforms for consumer reviews, but also websites that purport to offer "professional" or "test-based" reviews of mattresses, such as the HMR Blog.
- 28. Because Purple relies strictly on an e-commerce sales strategy, online comments and reviews are very significant to its business. See id. ¶ 27.
- 29. For example, a March 2016 Wall Street Journal article described the importance of reviews in this new market segment, discussing one such customer named Will Haley:

It is a process aimed at the often wealthier, younger and busy shoppers who care less about kicking the tires and more about convenience. Mr. Haley says he felt comfortable buying the mattress sight unseen because online reviews are enough quality control. "Anything I can buy online, I do," he says.

"Bed-in-a-Box Startups Challenge Traditional Mattress Makers," Wall Street Journal, March 7, 2016, attached as Exhibit "B," (emphasis added).

30. Defendants HMR and Monahan appear to agree with this perspective. As they posted on the Blog:

Reviewers possess a unique, influential power that if misused could unintentionally (or intentionally) steer a consumer into the wrong decision.

https://www.honestmattressreviews.com/mattress-reviewers/.

- 31. Purple welcomes the intense customer and reviewer scrutiny that is found in the marketplace of ideas that is the internet, including factually accurate negative reviews, which can provide valuable input to the company. See Bernards Decl. ¶ 28.
- 32. Reviews that are false or likely to confuse or mislead consumers pose a substantial threat to Purple, which relies so heavily upon an e-commerce platform, including the associated marketing of its products. See id.

## The "honestmattressreviews.com" Blog and the Campaign Against Purple

- 33. In recent months, Purple became aware of a new mattress review website, "honestmattressreviews.com," (i.e., the "Blog"), which purports to be an "honest" and "unbiased" mattress review service. See id. ¶ 30.
- 34. Starting in January 2017, Purple discovered that the HSR Blog had begun posting false information regarding Purple and its products, including posts calling into question the safety of the Purple<sup>®</sup> Bed products, the anti-tack powder, and the integrity and honesty of the business. See.

- 35. Over the course of just a few weeks, the Blog has made five (5) posts regarding Purple, which are prominently displayed on the Blog and are misleadingly represented as "articles" and/or "breaking news." These posts directly attack Purple and its products, making both literally false statements and statements that are highly likely to mislead consumers.
- 36. Each of these posts or "articles" is readily accessible to the public. The Blog contains multiple links to each post, such that the posts can be accessed in numerous ways through the Blog, and the images associated with the posts are continually displayed to consumers throughout the Blog. Defendants have also posted some or all of these posts (or links to the posts) on various social media platforms, including Facebook and Twitter. The posts can also be located through simple internet searches, including through Google. *See id.* ¶ 31.
  - 37. The "Articles" are titled as follows:
    - (a) "WHAT EXACTLY IS THAT WHITE POWDER ON PURPLE'S MATTRESS?" (the "White Powder 'Article'"), <a href="https://www.honestmattressreviews.com/purple-mattress-powder/">https://www.honestmattressreviews.com/purple-mattress-powder/</a>, attached hereto as Exhibit "C."
    - (b) "A DEEPER INVESTIGATION INTO PURPLE MATTRESS & PILLOWS WHITE POWDER" (the "Purple Investigation 'Article'"), <a href="https://www.honestmattressreviews.com/purple-mattress-white-powder/">https://www.honestmattressreviews.com/purple-mattress-white-powder/</a>, attached hereto as Exhibit "D."
    - (c) "PSA | DUE TO PURPLE'S UNKNOWN POWDER WE'RE REVOKING OUR ENDORSEMENT" (the "Revoked Endorsement 'PSA'"), <a href="https://www.honestmattressreviews.com/purples-unknown-powder/">https://www.honestmattressreviews.com/purples-unknown-powder/</a>, attached hereto as Exhibit "E."
    - (d) "PURPLE ACKNOWLEDGEMENT OF THE WHITE POWDER STILL MISLEADS CONSUMERS" (the "Purple Misleads Consumers 'Article'"),

- https://www.honestmattressreviews.com/purples-acknowledgement-white-powder/, attached hereto as Exhibit "F."
- (e) "MATTRESS REVIEWERS HAVE A RESPONSIBITY TO ACKNOWLEDGE CONSUMER SAFETY" (the "Responsibility 'Article'"), <a href="https://www.honestmattressreviews.com/mattressreviewers/">https://www.honestmattressreviews.com/mattressreviewers/</a>, attached hereto as Exhibit "G."

## **Defendants Have No Evidence That Purple's Products Are Unsafe**

- 38. The overall message of the "Articles" posted by Defendants is clear:

  Purple's products are unsafe, pose a danger to consumers, and Purple has something to hide. This message, however, is demonstrably false and unsupported by any evidence.
- 39. For instance, upon information and belief, none of the Defendants have conducted any safety or other testing of Purple's products.
- 40. Defendants also have no evidence to suggest that Purple's products are in any way unsafe.
- 41. Despite the lack of any support for their claims, and despite HMR having obtained at least one materials information statement regarding the Purple® Bed product, HMR has chosen to ignore both the publicly-available safety information regarding Purple's products and the lack of any information suggesting that Purple's products are unsafe. Instead, Defendants have intentionally elected to launch an unfounded campaign of false and misleading statements and innuendos against Purple and its products, causing reasonable consumers to believe that Purple's mattress and pillow products are unsafe and in need of warnings, that Purple is hiding those facts from consumers, and that Purple is knowingly putting the health of consumers at risk.

## The First Post: The White Powder "Article" (Exhibit C)

- 42. The White Powder "Article" was posted on the Blog in approximately mid-January 2017, setting the stage for Defendants' smear campaign.
- 43. The White Powder "Article" purports to ask a series of inflammatory questions about a white, powdery substance that appears on Purple® Bed products. The "Article" also makes statements that are false and likely to mislead or confuse consumers to believe (among other things) that Purple's products including the powder substance on the mattresses are dangerous and that Purple is deliberately withholding safety information from consumers.

## False and Misleading Statements Regarding Product Safety

44. The inflammatory questions in the White Powder "Article" include the following:

## Specifically, the top layer that has a powder coating.

What is this white powder? Is it safe? Is it safe to touch your skin? Is it safe to inhale?

- 45. Despite the lack of any evidence to support the claim, these questions clearly are designed to mislead consumers to believe that Purple's products are unsafe.
- 46. Moreover, the White Powder "Article" falsely suggests that the powder on Purple's products is "Talcum Powered," [sic] references multi-million dollar lawsuits involving babies," and indicates that baby powder has been found to cause Ovarian cancer:

We were extremely concerned when we were informed (via telephone call) the power is a Talcum Powered after having watched Johnson & Johnson's multiple multimillion dollar baby powder lawsuits found to cause Ovarian Cancer. We've been reassured that Purple does NOT use Talcum Powder.

47. As with the other inaccurate and unfounded statements in the White Powder "Article," these statements deliver the unmistakable message that the powder is or contains talcum powder (when the call referenced on the website makes clear that the powder is not talcum powder) or some other unknown harmful substance, and that Purple's products are unsafe, toxic, and cause cancer.

## False Statements Regarding Purple's Alleged Lack of Responsiveness

48. The White Powder "Article" also includes statements falsely representing that Purple is withholding safety information from consumers and has failed to respond to inquiries regarding the safety of its products:

Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.

49. The White Powder "Article" further falsely asserts that Purple is not interested in the consumer or consumer safety:

Final Thought – we were relieved to see some documentation regarding the materials used finally. As our focus is consumer interest and consumer safety, it's crucial we ask the tough questions.

50. Another statement in the White Powder "Article" likewise falsely indicates that Purple is not transparent with consumers, is withholding safety information from consumers, and (again) that Purple's products are not safe:

In a perfect world and in a transparency to consumers, we'd like Purple to better disclose what powder material they are introducing into consumers homes before the customer receives the product. Especially as consumers will spend 1/3 of their lives over the next years with this powder directly touching their skin or even potentially inhaling.

51. In fact, the White Powder "Article" intentionally cements the suggestion that Purple is improperly withholding safety from consumers by giving it an "F" grade in that category:

Major Key: Marketing A+. Product Quality A+. Disclosing Information F.

## The Second Post: The Investigation "Article" (Exhibit D)

- 52. The Investigation "Article" was posted within a week of the White Powder "Article," and it builds upon the same theme. The Investigation "Article" was posted with the headline "BREAKING NEWS" in all capital letters.
- 53. Like the White Powder "Article," the Investigation "Article" purports to ask a series of inflammatory questions calling both the safety of Purple's products and the integrity of its business into question, including numerous false and misleading statements regarding those topics.
- 54. For example, the Investigation "Article" repeats the statements falsely suggesting that Purple has been withholding safety information from consumers and has not responded to inquiries, such as that "Purple elected not to respond" to email or social network inquiries (and Purple is not aware of any such attempts):

Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.

55. The Investigation "Article" also reiterates the inflammatory questions included in the White Powder "Article," again strongly suggesting that Purple's products are unsafe:

In last week's article, we asked these four simple questions;

- 1. What is this white powder?
- 2. Is it safe?
- 3. Is it safe to touch your skin?
- 4. Is it safe to inhale?
- 56. Although Purple uses only new materials in its manufacturing, the Investigation "Article" inaccurately states that Purple does not use new materials in its products, again raising the specter that Purple's products are dangerous:

One major key that isn't included or very easily found via Purple's documentation is that they <u>do not utilize new materials to make this plastic layer</u>. Rather, they use recycled manufactured products.

57. The Investigation "Article" makes unsupported statements to the effect that consumers will inhale the powder for eight hours while sleeping, again for purposes of suggesting that Purple's products are dangerous:

This substance *may be* approved safe to use in small quantities after having been tested by scientific professionals. *That same substance that's intended to be consumed via tablet form in small controlled doses may have very different outcomes regarding the effect on a human body or while inhaled for eight plus hours a night while you sleep.* 

58. In addition, the Investigation "Article" suggests that Purple is obligated to have a certain level of "scientific proof" about its products, that it does not have this level of proof, and that Purple's products are unsafe as a result:

# Does Purple have scientific proof from multiple third party sources confirming through comprehensive testing that this substance is safe to lay on and inhale nightly for years?

59. Again creating the impression that Purple's products are unsafe and its product testing is inadequate, the Investigation "Article" makes statements that Purple's products are not safe for long term contact, that Purple is acting "recklessly" as to an "untested substance," and that Purple's products will "impact one's short or long-term health:"

On the contrary, if they do not have scientific proof from multiple credible sources that confirms the use long-term use of this substance with Purple's intended use, (to reduce the sticking of the plastic grids) as safe for long-term contact and inhalation – then we feel they are recklessly predisposing consumers to an untested substance that could directly impact one's short or long-term health. When we asked hyperspecifically this question we found the same answer, 'It's food-grade material'.

60. As yet another example of these groundless claims, the Investigation "Article" makes statements suggesting that the powder is the same as a "ground down" "plastic mustard container" or "glass coke bottle," which consumers will inhale every night for "eight to ten hours," yet again suggesting that Purple's products are not safe:

In this instance we know it's safe to touch a plastic mustard container or a glass coke bottle.

But, the applications of those food-contact materials are not ground down into a small microscopic powder and inhaled for eight to ten hours a night over the course of the mattresses lifespan.

61. Following these statements, the Investigation "Article" embeds a YouTube video showing the well-known-to-internet-users "cinnamon challenge," in which a person attempts to swallow a spoon of cinnamon. See also

https://www.youtube.com/watch?v=KZ6bzrqjo4M. The video includes an opening image of a woman who appears to be exhaling a caustic, brown substance:



62. The title page of the video is as follows:



- 63. The cinnamon challenge video, which has absolutely nothing to do with Purple or its products, shows people choking, coughing, gagging, spitting, crying, and attempting to rinse their mouths out with water.
- 64. It has been reported in the media that some people have literally died as a result of the cinnamon challenge.
- 65. The Investigation "Article" goes on to discuss the cinnamon challenge as if to compare it to the Purple products, emphasizing the words "dragon breath" and reports to "poison control:"

Should a person elect to consume a teaspoon of cinnamon based on the knowledge of what this will physically do to one's body, the fault resides on the individual. The ingestion of the (cinnamon) powder invariably stimulates the gag reflex followed by inhalation of the powder that's stuck inside the mouth and throat. The pain then causes rapid exhalation characterized by "dragon breath" upon blowing the powder out.

Over 200 different reported cases by the U.S. Poison control this year alone.

66. The Investigation "Article" further makes statements suggesting that Purple was approached by "customers" "with respiratory conditions such as Asthma," when – according to the Blog – there was a single telephone call made by someone who did not say they had asthma (and Purple is unaware of any additional approaches by "customers" with asthma). The statements are designed to confuse consumers and cause them to believe that Purple's products are harmful to persons with asthma, that Purple's products are not safe, and that Purple is withholding safety information from consumers:

Inversely, Purple's prior and current business practices involve deliberately choosing not to inform consumers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

67. The Investigation "Article" falsely asserts that Purple is engaging in a "deceptive business practice" that could "potential [sic] irritate or even impact they [sic] health of tens of thousands of unknowing consumers," suggesting that Purple is acting intentionally and illegally to deceive its customers, including by hiding the fact that its products are unsafe and pose health risks to "tens of thousands" of customers:

When you look on Purple's website, their high-resolution product images do not show the final product they are shipping. We believe this is a deceptive business practice that could potential <u>irritate or even impact they health of tens of thousands of unknowing consumers.</u>

68. The Investigation "Article" likewise alleges that Purple is unlawfully withholding information from consumers that it should be required to have a disclosure regarding the powder on its "law tag" (also suggesting that Purple is violating the law):

In a <u>consumer safe perfect world</u>, Purple would willing disclose the substance, include it on their <u>law tag</u> and have <u>a warning to consumers</u> before the point of purchase.

## The Third Post: The Revoked Endorsement "PSA" (Exhibit E)

- 69. The Revoked Endorsement "PSA" was posted the week following the Investigation Article (just two weeks ago). Its purpose and effect is to increase the significance of the campaign in the minds of reasonable consumers.
- 70. The Revoked Endorsement "PSA" is or was prominently displayed on the homepage of the HMR website, in a series of stories that are presented as if they are legitimate news articles, with the headlines in all capitals of "EDITOR'S TOP PICKS" and "INDUSTRY NEWS", with the tag line "PSA | Due to Purple's Unknown Powder We're Revoking Our Endorsement," as follows:



71. The top of the Responsibility "Article" also includes, in larger form, the image of a large ""X" in the red circle:

## PSA | Due To Purple's Unknown Powder We're Revoking Our Endorsement



72. The Revoked Endorsement "PSA" is and was also accessible to the public in a number of other ways through the Blog, and as a result of internet searches such as through Google.

- 73. These images and language are false and misleading because they suggest to consumers that HMR is reporting objective "news," through the use of the prominently displayed headlines "EDITOR'S TOP PICKS" and "INDUSTRY NEWS," when HMR is not a news organization.
- 74. The Revoked Endorsement "PSA," like the prior "Articles," purports to ask a series of inflammatory questions, designed to convey to consumers a literally false and misleading message that the Purple mattress is unsafe, and that Purple is withholding safety information from consumers.
- 75. The Revoked Endorsement "PSA" includes the initials "PSA," obviously standing for "Public Service Announcement," which falsely suggests independence and altruism, that the "PSA" originated from or is endorsed by a governmental body, and that it is related to health and safety, that is, that Purple's products are not safe.
- 76. The Revoked Endorsement "PSA" includes statements about Purple failing to give a "consumer warning," "deliberately choosing not to inform customers," and "deliberately" deceptive "business practices;" and references to multiple customers "with respiratory conditions," "Asthma," and the "seriousness" of "inhalation of this powder." Again, these statements are designed to suggest without any evidence that Purple's products are unsafe and that Purple is withholding safety information from consumers:

Our core beliefs at Honest Reviews revolve around one core question, "Does this benefit the consumer?" As we prior published our concern for an unknown substance Purple continues to coat their products in without consumer warning.

Purple's previous and current <u>business</u> <u>practices</u> involve <u>deliberately</u> choosing not to inform customers of the powders existence in the first place. When pressed by customers with <u>respiratory conditions</u> such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

We've reached out to Purple on via multiple communications platforms, and yet they continue to ignore the potential seriousness of inhalation of this powder.

77. The Revoked Endorsement "PSA" also alleges that Purple has decided to "run fast and figure out problems later," suggesting that Purple's products are not safe and that Purple is withholding safety information from consumers:

Competition and commerce drive innovation. But, as some companies become red hot they tend to run fast and figure out problems later. It's clear the unknown white powder used is there to help with the plastic grid walls as they stick together.

78. Also included are statements that Purple is "subjecting consumers to a powder that could impair or impact their physical health:"

Success and rapid growth is no excuse for potentially subjecting consumers to a powder that could impair or even impact their physical health.

79. As with the other "Articles," the Revoked Endorsement "PSA" falsely suggests that consumers purchasing Purple's products will be "directly inhaling a white powder substance" which "could be damaging to those with respiratory issues," and falsely asserts that Purple has used "made up tests:"

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

## Purple Responds to the Misleading Posts by Defendants HMR and Monahan

80. Convinced that HMR and <a href="www.honestmattressreviews.com">www.honestmattressreviews.com</a> are not interested in an actual, fair dialogue, and that HMR would intentionally continue its clever use of innuendo, indirect intimations, and ambiguous suggestions to misrepresent anything submitted by Purple to HMR, Purple attempted to respond to Defendants' false, misleading, and confusing statements by posting truthful information about the non-toxic plastic powder on its own blog:





THE BEST MATTRESS FOR BACK PAIN

What is the best mattress for back pain? One that keeps your spine in natural alignment of course!
Learn more about the best mattress... Read more >



ALL ABOUT OUR NON-TOXIC PLASTIC POWDER

Purple uses a non-toxic powdered polymer coating on some of our Purple products. Learn more about this super safe powder so you can rest... Read more >



THE BEST MATTRESS FOR COUPLES

Purple gives you one less compromise in your relationship. Get the best of firm and soft, cool and quiet, bounce and motion isolation... Read more »

https://onpurple.com/blog/non-toxic-plastic-powder, attached as Exhibit "H;" see also Bernards Decl. ¶ 32.

81. Purple explained, among other things, that the purpose of the non-toxic plastic powder is to prevent Purple's Hyper-Elastic Polymer™ from sticking to itself, that the powder is non-toxic and chemically inactive, and that it is from a family of plastics used for food containers and children's toys. See Bernards Decl. ¶ 33. The website also indicates that the powder does not contain talc and contains no mineral products, and is entirely safe:

We now lightly coat our Purple® mattress and pillow that go through a tight-compression process to enable door-to-door shipping with our non-toxic plastic powder to prevent the Hyper-Elastic Polymer<sup>TIII</sup> from sticking to itself.

. . .

Here are the details about the inert non-toxic plastic powder that we invented to solve our packaging conundrum:

- 1. It is NOT a talc powder. Talc is a mineral and our plastic powder contains no talc whatsoever, or any mineral for that matter.
- 2. It is chemically inactive, AKA an inert substance.
- 3. It is a food-contact-grade material, meaning that this family of plastic materials can be used for eating utensils, children's toys, etc.
- 4. It is 100% non-toxic and is completely harmless.
- 5. You can think of it being as safe as eating with a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever stabbed anyone in the lip!
- 82. Purple also explained that the powder was so innovative as to be proprietary, and that it could not release the details which are currently trade secrets until after its pending patents became publicly available, a standard and well-known

business strategy employed by every responsible corporate entity that is protecting its intellectual property:

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

## The Fourth Post: The Purple Misleads Consumers "Article" (Exhibit G)

- 83. The Purple Misleads Consumers "Article" was posted shortly after February 13, 2017.
- 84. Like the Revoked Endorsement "PSA," the Purple Misleads Consumers "Article" is or was prominently displayed on the homepage of the HMR website, in the top-left of a series of stories that are depicted as if they are legitimate news articles, with the headlines in all capitals of "BREAKING NEWS" and "INDUSTRY NEWS," with the tag line "Purple's Acknowledgement Of The White Powder STILL Misleads Consumers," as follows:



Purple's Acknowledgement Of The White Powder STILL Misleads Consumers



Mattress Firm Hires Sicily Dickenson As New CMO



We Received Something BIG To Review Today - Something HUGE!



The RiteBed Arrives As A New Player In The Online Mattress Space



Simba Sleep Raises £9m From Raft Of New City Investors



Bedgear Hopes To Triple Revenue With New Mattresses



This Indiegogo Project Has Reimagined Bedding Basics



Sleep Outfitters And Tempur Sealy To Present \$25,000 To



PangeaBed Copper Mattress Review

85. These images and language are false and misleading because they suggest to consumers that HMR is reporting objective "news," through the use of the prominently displayed headlines ""LATEST NEWS," "BREAKING NEWS," and INDUSTRY NEWS," when HMR is not a news organization.

- 86. The Purple Misleads Consumers "Article," like the prior "Articles," asks a series of inflammatory questions designed to convey to consumers a literally false and misleading message that the Purple mattress is unsafe and that Purple is withholding safety information from consumers.
- 87. By virtue of its title, the Purple Misleads Consumers "Article" falsely asserts that Purple is engaged in a deliberate campaign to deceive consumers, including by improperly withholding safety information from consumers.
- 88. The Purple Misleads Consumers "Article" claims that HMR has been making repeated inquiries to Purple for information, for "159" days, when the Blog identifies only two such instances, generic telephone inquiries to the general customer service department (and Purple is unaware of any other such inquiries), again for purposes of demonstrating that Purple's products are hazardous and that Purple is withholding safety information from consumers:

Since September 9, 2016, we've been inquiring directly with Purple about the use of an unknown powder. That's 159 days before they even start to acknowledge of the powder's existence on their website.

89. The Purple Misleads Consumers "Article" falsely suggests that Purple is rejecting accountability for consumer safety:

Thus, every business innately inherits the highest level of accountability regarding consumer safety.

90. For example, the Purple Misleads Consumers "Article" reports that Purple does not have safety documentation, that Purple has an obligation to release such information, and that Purple's public statements on these issues are false:

# | What is stopping you (Purple) from conducting and releasing independent accredited laboratory tests that prove this is safe under the use case of coating Purple mattresses and pillows?

In your published statement to the public, although comically written, clearly shows your position remains that consumer safety should **rely solely on your written word.** 

91. The Purple Misleads Consumers "Article" further claims Purple is not transparent and is not "honest and upfront" about the "microscopic powder form that could be inhaled," in yet another transparent attempt to harm Purple's reputation, integrity, and goodwill:

## It took <u>159 days</u> of inquiry for you to acknowledge it; please forgive us if we're not willing to take you at your trusted word.

Your track record continues to show a reactive transparency approach. You only began to acknowledge customers if they contact you (in regards to the powder). To date, you still do not include this information directly on your product information page (see screenshot below). You claim, "Everything we do here at Purple centers on our customers" when will you be honest and upfront about the use of this in a microscopic powder form that could be inhaled? Don't customers have a right to be informed?

92. The Purple Misleads Consumers "Article" also implies that Purple had experienced an "unforeseen problem" in its product development and was making "adjustments" as a result, again for purposes of showing that Purple's products are unsafe and that Purple is withholding safety information from consumers:

We understand that when a product experiences an unforeseen problem that adjustments might have to be made. Consumers understand and also seek a solution.

93. The Purple Misleads Consumers "Article" asserts that Purple has or is going to change the powder to hide the fact that it was not safe, that Purple is treating its customers as "guinea pigs," and that Purple does not have safety information:

## Here's where the issue arises.

Since you're not willing to educate and pre-disclose (at the point of sale);

- a) the existence
- b) what it is or
- c) that's it's proven safe

How do we, the consumer know what you're coating all over your products today are the same as what you coated products in last week, last month or during your "product solution testing?"

Consumers are not quinea pigs. It's the responsibility of the company to conduct all of these product safety tests before shipping product and clearly disclosing the results to inquiring consumers.

94. Defendants further assert in the Purple Misleads Consumers "Article" that Purple does not use "science," that Purple does not think facts and science are important and that, because Purple has a patent <u>pending</u>, it should disclose its secret formula – misleading the consumer into believing that patent applications are public (and failing to disclose to consumers the risks from a premature disclosure):

### Science is rooted in truth and proven fact.

For a company that claims to be <u>Super Sciencey</u>, you continue to neglect a few very <u>scientific components</u> (such as material disclosure), that you clearly don't see as important per your comical response.

#### Purple: So Sciencey It'll Put You To Sleep - YouTube



https://www.youtube.com/watch?v=qCuP6frAqpA

Feb 4, 2016 - Uploaded by Purple

See just how Purple's hyper-elastic polymer will give you the best nights sleep you have ever had Purple ...

You also seek sympathy in 'protecting 600 jobs' and in your 'trade secrets' which provides you some form of shielding from disclosure.

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

But, your processes is patented and protected. If it wasn't already protected intelliBED wouldn't have to have this disclosure on the footer of their website. After all, they use the same technology or process, right? It says it's licensed to a company owned by Tony Pierce.



intelliBED's Footer, "INTELL-GEL® IS A REGISTERED TRADEMARK OF EDIZONE, LLC OF ALPINE, UTAH USA. PROTECTED BY U.S. PATENTS 5,749,111, 6,026,527, 6,413,458, 7,060,213, 7,076,822, 7,666,341. INTELLIBED® IS A REGISTERED TRADEMARK OF ADVANCED COMFORT TECHNOLOGIES INC. OF SALT LAKE CITY, UTAH USA."

INTELL-DES<sup>TO</sup> DE MINISTERED TRADERANIK OF KOOCHE, LIC OF ALFINE UTAH USE PROTECTED BY US PROTECTE STAILT LEGELOY CATEGOR THIS LICE TO MINISTER STAILT LAND CON-INTELL-DES<sup>TO</sup> DE A RECEITERED TRADERANIK OF ADMINISTE COMPONE TECHNOLOGIE RIC OF SAIT LAND COY, UTAH USE

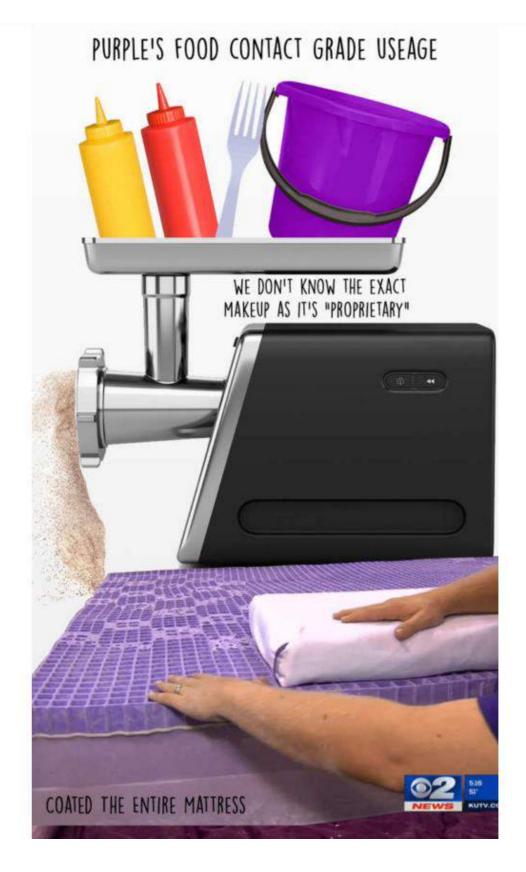
Purple's Footer, "Protected by one or more of U.S. Patents 5,749,111; 6,026,527; 7,076,822; 7,730,566; 7,823,233; 7,827,636; 7,964,664; 8,607,387, and 9,051,169, with others pending. Purple and all product names comprising Purple, Hyper-Elastic Polymer, and No Pressure are trademarks of EdiZONE, LLC of Alpine, Utah USA."

Protestably one or mans of V.S. Paperto S.PRESSE, ROSESSE, 7790.566, T823.232, 7807606, T964.664, 8.007.287 and 9002.288, with others pending. Purple and oil product names comprising Purple. Higger-Elastic Polymer and No

95. Defendants further claim that Purple is dismissive of its customers, that Purple thinks they are "naïve," that Purple is "insulting" its customers, and that Purple is otherwise withholding safety information from consumers:

| Purple's publication is proof of how naive they truly believe American Consumers are. To say, it's safe because it comes from the same family of plastic forks, neglecting the fact that in Purple's use case (coating mattresses and pillows) it could be inhaled directly into your lungs, is downright insulting.

96. The Purple Misleads Consumers "Article" includes an inflammatory graphic depicting Purple's products as sausage, complete with an image of a meat grinder with plastic items being poured onto a Purple mattress:



97. The Purple Misleads Consumers "Article" includes statements that are designed to mislead consumers into believing that Purple has definitively refused to provide information to demonstrate that its products are safe, despite the fact that Purple has posted such information on its own website, and again makes numerous inflammatory and misleading statements in an effort to support its allegation that Purple's products are unsafe:

THEIR MATTRESS AND PILLOW IN THIS PLASTIC POWDER THAT'S
INHALED NIGHTLY FOR THE DURATION OF THEIR PRODUCT'S
LIFECYCLE IS THE EQUIVALENT OF EATING WITH A PLASTIC FORK.

YES, IT'S SAFE TO EAT WITH A PLASTIC FORK. PURPLE CONSUMERS AREN'T EATING IN BED — THEIR INHALING THE MATTRESS.

PLEASE DISCLOSE THE SCIENTIFIC PROOF THAT INHALING THAT PLASTIC WILL NOT INDUCE ANY LUNG OR RESPIRATORY IRRITATION.

ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

ADDITIONALLY, PLEASE SHARE ACCREDITED THIRD PARTY STUDIES THAT SHOW SCIENTIFIC EVIDENCE SUPPORTING YOUR POSITION IN A MULTI-YEAR TEST WITH EIGHT HOURS USE PER NIGHT. ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

98. The Purple Misleads Consumers "Article" has statements to the effect that Purple's products are like "inhaling gasoline," that Purple does "not put[] consumer safety first," and that Purple has directly contradicted itself:

Your blanket statement quoted above is like saying "Gas is safe in a car, so inhaling gasoline must also be safe." Obviously, you're not using gasoline – but – it's an example that a different use cases a product, chemical or substance can have very different effects.

### Intended Use is the issue at hand.

Merely acknowledging existence (only after constant questioning) is not putting consumer safety first – in our opinion. Which is a direct contradiction of your published response (again, see here).

99. The Purple Misleads Consumers "Article" suggests that Purple is putting its 600 employees' health at risk, that Purple should be providing "training and education" on health risks to its employees, and that Purple should have its employees wear protective gloves:

## You did raise one point in your response that we did not initially think to question.

Your 600 employees who are in direct contact with this substance don't appear to have protected masks to shield their inhalation. If a factory worker's shift is eight hours, then sleeps eight hours on a Purple mattress; what are the effects of 16 hours a day exposure? Do you provide training and education to your employees who are on the floor manufacturing these products? Do you provide gloves and mask to every employee?

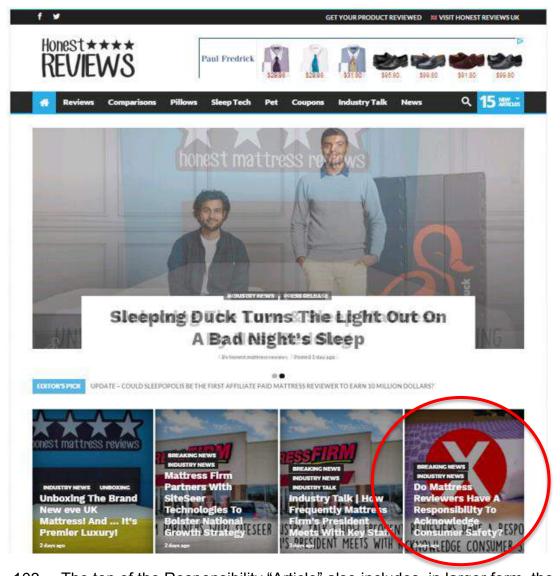


100. Like the previously-discussed "Articles," the Purple Misleads Consumers "Article" falsely suggests that consumers purchasing Purple's products will be "directly inhaling a white powder substance," which "could be damaging to those with respiratory issues," and falsely accuses Purple of using "made up tests:":

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

## The Fifth Post: The Responsibility "Article" (Exhibit G)

- 101. The Responsibility "Article" was posted the next day, and it attempts to deflect Defendants' singular attack on Purple by trying to guilt other reviewers into joining its campaign of false and misleading statements against Purple.
- 102. A link to the Responsibility Article is or was prominently displayed on the homepage of the HMR website, below the top "Article," with the headline in all capitals of "BREAKING NEWS" and "INDUSTRY NEWS," with the tag line "Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety?," and including a large "X" in a red circle as if to designate a poisonous or dangerous substance as follows:



103. The top of the Responsibility "Article" also includes, in larger form, the image of the large "X" in the red circle:

# Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety?

By honest mattress reviews 3 12 min read



- 104. These images and language are false and misleading because they suggest to consumers that HMR is a legitimate news source reporting objective "news," through the use of the prominently displayed headlines "BREAKING NEWS" and "INDUSTRY NEWS," when HMR is not a news organization.
- 105. The Responsibility "Article," like the prior "Articles," includes a series of inflammatory questions and statements, all of which are designed to convey to consumers the literally false and misleading message that the Purple mattress is unsafe, and that Purple is withholding safety information from consumers.
- 106. For example, the Responsibility "Article" has statements suggesting that a physician's Hippocratic Oath is applicable to mattress makers and referencing "poison,"

falsely suggesting that Purple's products are not only unsafe, but might poison the customer:

A doctor is required to take the Hippocratic Oath before officially becoming a doctor. Reviewers possess a unique, influential power that if misused could unintentionally (or intentionally) steer a consumer into the wrong decision.

In this oath doctors truly commit to the mindset, "First do no harm."

Followed by humility, "I will not be ashamed to say "I know not."

Finally, orally confirming, "Neither will I administer a poison to anybody when asked to do so, nor will I suggest such a course."

107. The Responsibility "Article" includes a statement that mattress makers have a responsibility to ensure the complete safety of their products, which again falsely suggests that Purple has not comported with its safety obligations and that its products are unsafe:

As more companies enter the direct to consumer mattress space its the responsibility of each individual company to ensure the products they ship are completely safe.

(Emphasis added).

108. The Responsibility "Article" has a bolded, red statement not only falsely suggesting that Purple's products are not safe, but also that Purple has not provided any evidence of safety (when in fact Purple has posted evidence to support the safety of its products), which also challenges other reviewers to join Defendants' campaign of wrongfully harming Purple's reputation with false and misleading statements and innuendos:

| What is your position on Purple's use of a plastic powder without any clear and concise evidence this is safe under these conditions?

109. The Responsibility "Article" falsely states that consumers purchasing Purple's products will be "directly inhaling a white powder substance" which "could be damaging to those with respiratory issues," and falsely referring that Purple was using "made up tests," suggesting that Purple's products are not safe and that Purple is withholding safety information from consumers:

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

110. The Responsibility "Article" closes by providing link to the other false and misleading "Articles" and the Revoked Endorsement "PSA," compounding and expanding the overall false and misleading messages that Purple's products are not safe and that Purple is misleading consumers:

### If this Powder is completely brand new to you here are some reference articles

What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder

PSA - Due To Purple's Unknown Powder We're Revoking Our Endorsement

Purple's Acknowledgement Of The White Powder STILL Misleads Consumers

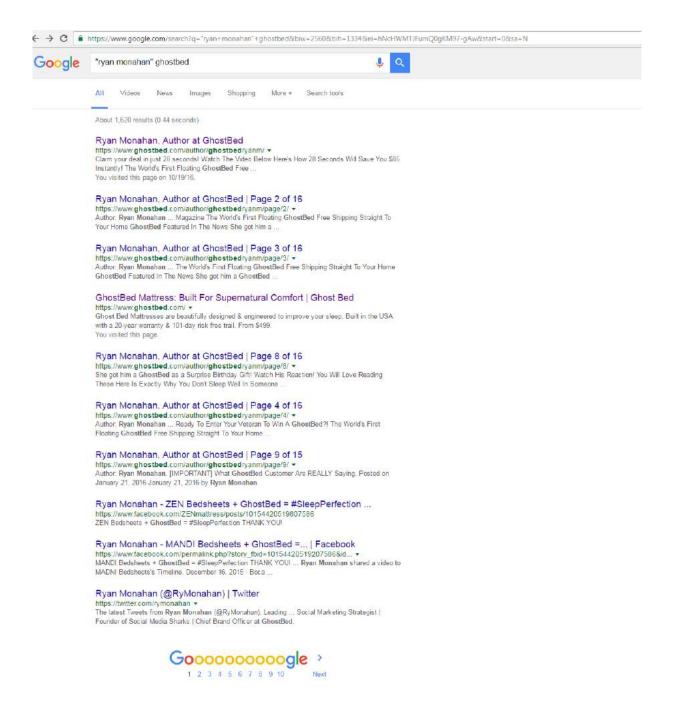
#### **Cumulative Impact and Grouping**

111. The overall, cumulative impact of the five separate "Articles," the numerous inflammatory, false and misleading statements, and the groupings of images and the statements combine to create the overall false and misleading impression that Purple is hiding information and that its products are dangerous, all in an effort to smear Purple's reputation, products, and goodwill, and to divert sales to Purple's competitors, including GhostBed.

#### Purple Discovers Monahan's Affiliation with GhostBed

- 112. Despite Monahan's efforts to hide his involvement with GhostBed, upon investigation, Purple discovered that Monahan had (at least in the past) been closely associated with Purple's competitor, GhostBed. Specifically, Monahan was previously employed GhostBed's Chief Brand Officer. See Bernards Decl. ¶ 37.
- 113. Purple believes that Monahan may still maintain an office at GhostBed and can be reached by calling the number on the GhostBed's website. See id. ¶ 37.
- 114. On October 10, 2016, Monahan formed Honest Reviews, LLC. See Articles of Organization, attached as Exhibit "I" (listing registered agent as Monhan agent).
- 115. Upon information and belief, Monahan is the sole owner of HMR, has actively and knowingly caused and supported the statements on the HMR Blog, has directed, authorized and participated in the creation and publishing of the statements, and has been the active and conscious force behind the creation and publishing of the statements.

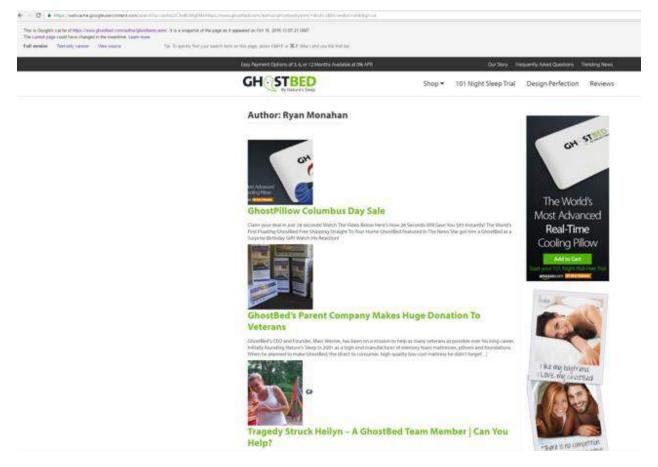
- and supported the statements on the HMR Blog; has directed, authorized and participated in the creation and publishing of the statements; and has been the active and conscious force behind the creation and publishing of the statements.
- 117. At or around the same time he formed Honest Reviews, LLC, it appears that Monahan commenced efforts to reduce or remove evidence of his association with GhostBed from his digital footprint.
- 118. For example, a cached Google page showed that Monahan was an author on www.GhostBed.com:



See search results attached as Exhibit "J."

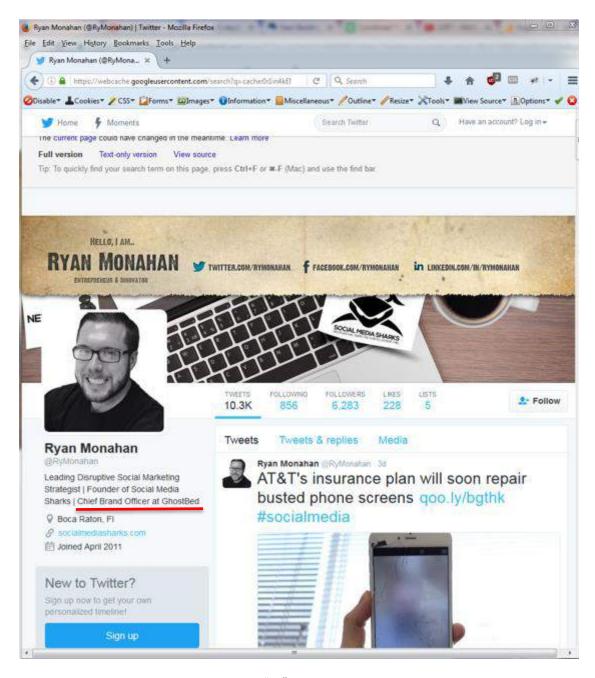
119. Similarly, a cached Google page identifies Monahan as an author on

www.GhostBed.com:



See search results attached as Exhibit "K."

- 120. However, at least some of these pages are now apparently unavailable, or at least they are not easily discoverable through typical internet searches. Upon information and belief, the information has been intentionally removed and/or made more difficult to locate.
- 121. Similarly, Monahan's Twitter profile previously identified him as the Chief Brand Officer of GhostBed:



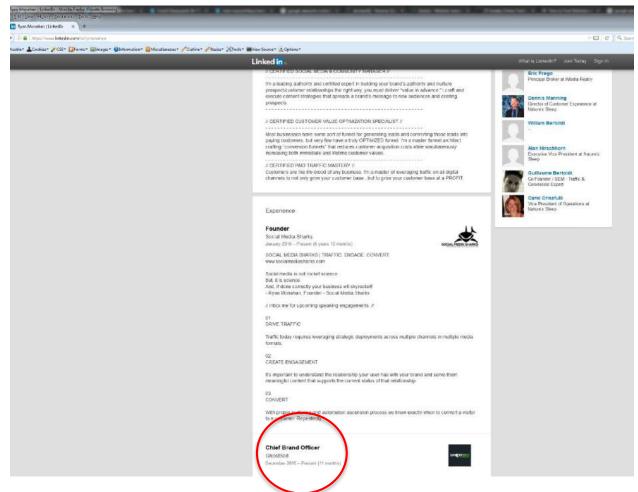
See search results attached as Exhibit "L."

122. Upon information and belief, the reference to GhostBed was removed in approximately October 2016, but in any event it no longer appears on Monahan's Twitter profile:



See search results attached as Exhibit "M."

123. Similarly, Monahan's LinkedIn also previously identified him as the "Chief Brand Officer" for GhostBed:



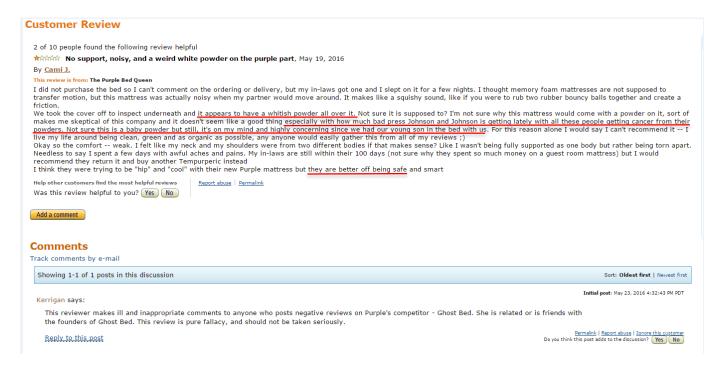
See search results attached as Exhibit "N."

124. Upon information and belief, the reference to GhostBed was removed in approximately October 2016, but in any event, it has been removed from Monahan's LinkedIn profile.

### The GhostBed CEO's Daughter Has Posted False Reviews of Purple on Amazon.com

125. As Purple has discovered, see Bernards Decl. ¶ 39, in May of 2016, the daughter of GhostBed's CEO posted a review on Amazon.com of the Purple® Bed, making false and misleading statements remarkably similar to some of those now

appearing on the Blog, including purported concerns about the "powder," a baby, "Johnson and Johnson," "cancer," and "safety:"



See review attached as Exhibit "O."

#### Defendants Are Surreptitiously Working to Promote GhostBed Over Other Mattress Companies

- 126. Upon information and belief, HMR, Monahan, and/or other entities owned or controlled by Monahan, are working directly with GhostBed to promote GhostBed products over those of other manufactures, and in return GhostBed is compensating HMR, Monahan, and/or other related entities.
- 127. Upon information and belief, Monahan has continued his association with GhostBed, and is now attacking Purple on the HMR Blog for purposes of benefitting GhostBed and damaging Purple, likely in exchange for some form of financial or other remuneration from GhostBed or related persons or entities.

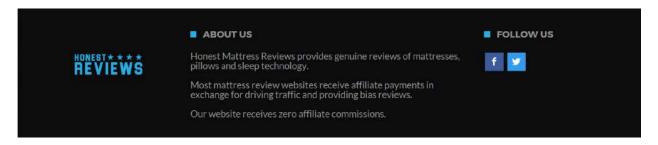
128. Upon information and belief, Defendants are acting in concert to hide the fact that GhostBed is behind the campaign of false and misleading information unleashed on Purple.

### The Blog's Claims of Neutrality and Independence Are False, Misleading, and Highly Likely to Confuse Consumers

- 129. The Blog is carefully designed to convey the overall message and impression to consumers that it is independent, unbiased, and unaffiliated with any particular mattress company.
- 130. Among other things, the numerous "disclaimers" on the Blog are designed to contribute to this overall perception.

#### The Compensation Disclaimers

- 131. The Blog contains a number of disclaimers to the effect that the Blog, HMR, and Monahan are not compensated by any party for any of the content on the Blog, including the purported mattress reviews and comparisons (the "Compensation Disclaimers").
- 132. For example, a statement that, "Our website receives zero affiliate commissions" appears on the footer of every page of the Blog:



See, e.g. <a href="https://www.honestmattressreviews.com/">https://www.honestmattressreviews.com/</a>.

133. The "What is Honest Mattress Reviews" page includes the following statement:

Honest Mattress Reviews does not seek affiliate relationships. Nor are we positioned to gain monetary benefits based on consumer buying behavior or decisions.

See https://www.honestmattressreviews.com/what-is-honest-mattress-reviews/

134. The Responsibility "Article" includes additional statements disclaiming any commission or other relationship with mattress companies, and emphasizing integrity:

Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

See https://www.honestmattressreviews.com/mattress-reviewers/

#### The "Ethics and Free From Influence Disclaimers"

- 135. The Blog also contains a number of disclaimers to the effect that the Blog, HMR and Monahan are ethical and free from the influence of any mattress manufacturers (the "Ethics and Free From Influence Disclaimers").
- 136. Initially, the Compensation Disclaimers are clearly designed to convey the overall message that the Blog, HMR, and Monahan are ethical and free from the influence of mattress manufactures.
- 137. The Blog includes a number of other statements to this same effect, such as statements on the "Disclaimer" page referencing Monahan's purported "ethics," i.e., "my ethics," a statement that the Blog is "Free from corporate or conglomerates ... [that]

silence or shape editorial narratives and truths," that the posts on the Blog "have total editorial independence," and that "No one has influence on ... the posts."

See https://www.honestmattressreviews.com/disclaimer/

138. The "What is Honest Mattress Reviews" page similarly includes a number of statements to this effect, such as claims that the Blog is not interested in "influencing a purchase decision to promote a company;" the Blog does not reflect "a few large companies controlling the narrative;" the Blog "allows companies and consumers uncensored truth;" the Blog provides "the most accurate data available;" the Blog does "not want just a few giant companies to own the narrative;" and information shared on the Blog must be "accurate and true."

See https://www.honestmattressreviews.com/what-is-honest-mattress-reviews/

#### The Blog's Mattress Rankings Are Not Independent and Unbiased

- 139. Despite the Blog's numerous representations of its independence and neutrality, the HMR rankings of mattress manufacturers appearing on the Blog are materially misleading to consumers.
- 140. For instance, GhostBed is listed as one of the very highest rated mattresses, appearing as the third entry on the list of companies on the "Reviews" tab of the Blog. See <a href="https://www.honestmattressreviews.com/mattress-reviews/">https://www.honestmattressreviews.com/mattress-reviews/</a>. The only other mattress companies that have received similarly-high rankings are either not actually in the BIB market, or are small players in the BIB market that pose no threat to GhostBed. See Bernards Decl. ¶ 38.

141. As noted, GhostBed is ranked third by the Blog, after two mattresses which are not in the BIB market or otherwise competitive with GhostBed. First is a \$4,699 mattress from Tempur-Pedic which is not in the BIB segment and is not price-competitive. Second is a \$1,199 mattress from Nest which, although it is part of the BIB market, is not price-competitive and has not yet even been reviewed on the Blog, yet has nevertheless been ranked as "World-Class:"



- 142. Besides GhostBed and Nest, which has not even been reviewed yet, none of the other players in the BIB market are given the "World-Class" rating on the Blog. In fact, the next competitor that poses any threat to GhostBed is Casper, which is ranked far down  $-19^{th}$  on the list.
- 143. Purple's mattress, which is 29<sup>th</sup> on the list, is the <u>only</u> product that has received a "Poor" rating on the list (purportedly because of the "white powder" issue), which is depicted through the use of the poison-suggesting red X:

purple







\$999

Review

#### The Blog and the Disclaimers are False and Misleading

- 144. The overall impression that the Blog is unbiased and independent is literally false and is significantly likely to mislead or confuse consumers, including for the following reasons:
  - (a) The Blog fails entirely to disclose that Monahan was or remains affiliated with GhostBed, including as a spokesman for the company.
  - (b) The Blog fails to disclose that Monahan has served as or has been the Chief Brand Officer of GhostBed.
  - (c) The Blog fails to disclose that Monahan has received, at least in the past, financial compensation from GhostBed.
  - (d) The Blog fails to disclose that, at or about the time that he created HMR and the Blog, Monahan attempted to scrub evidence of his prior affiliation with GhostBed from his digital footprint.
  - (e) The Blog fails to disclose that Monahan can still be contacted by calling GhostBed.
  - (f) The Blog does not disclose that Monahan has continued his association with GhostBed, is promoting GhostBed and attacking Purple on the HMR Blog, and that he is doing so in exchange for some form of financial or other remuneration from GhostBed and/or related persons or entities.

### Purple Has Been Injured, Irreparably Harmed, and Faces Additional and Continuing Irreparable Harm

- 145. Since HMR began publishing the "Articles" and the "PSA" on the Blog, a number of customers have demonstrated actual confusion and concern regarding Purple and its mattress and pillow products. See Bernards Decl. ¶ 40.
- 146. For example, consumers have asked questions of Purple that are clearly related to the false and misleading statements on the Blog, making references to Purple's products being "toxic," "lawsuits," "toxic chemicals," "a cloud of powder" that would be inhaled, the powder being "talc," and "asthma." See id. ¶ 41.
  - 147. The BIB market is in a period of rapid expansion and growth. See id. ¶ 19.
- 148. Capturing market share during a period of rapid expansion and growth is critical for competitors like Purple. See id. ¶ 21.
- 149. As noted, although Purple did not deliver its first mattress until January 2016, Purple has become one of the four leading BIB companies, and has experienced exponential and rapid growth. See id. ¶ 22.
  - 150. Purple is the fastest growing player in the BIB segment.
- 151. Purple's very positive goodwill and reputation in the marketplace have been critical to its rapid growth and success, and Purple has worked hard and made substantial expenditures to develop these qualities.
- 152. Because Purple relies strictly upon an e-commerce platform for selling its bedding products to its customers, its online reputation and goodwill are of critical importance to its success.

- 153. Defendants' actions have already harmed and will continue to tarnish Purple's goodwill and reputation in the marketplace.
- 154. Defendants' actions, if successful, threaten to slow Purple's growth rate, causing the loss of tens or hundreds of millions of dollars in damage to Purple, which will be difficult to calculate.
- 155. Defendants' actions threaten to adversely affect Purple's ability to attract and retain key employees needed to manage its growth.
- 156. Defendants' actions threaten to adversely affect the value that potential equity partners place on Purple, making it more difficult and expensive if not impossible to raise additional capital.

#### **ARGUMENT**

I. PURPLE IS ENTITLED TO A TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION TO ENJOIN DEFENDANTS' WRONGFUL CONDUCT

The standard for a temporary restraining order is the same as for a preliminary injunction. See Klein-Becker USA, LLC v. Collagen Corp., No. 2:07-CV-873 TS, 2008 WL 4681781, \*1-\*2 (D. Utah Oct. 22, 2008) (citing Bauchman by and through Bauchman v. West High Sch., 900 F. Supp. 248, 250 (D. Utah 1995)). A federal court may issue preliminary injunctive relief when the movant establishes (1) a likelihood that the movant will suffer irreparable harm in the absence of preliminary relief; (2) that the balance of equities tips in movant's favor; (3) that the injunction is in the public interest; and (4) a likelihood of success on the merits. See Community Television of Utah, LLC v. Aereo, Inc., 997 F. Supp. 2d 1191, 1197 (D. Utah 2014) (quoting RoDa Drilling Co. v. Siegal, 552 F.3d 1203, 1208 (10th Cir. 2009)). Here, each prong is met, and Purple is entitled to a temporary restraining order.

A. PURPLE IS SUFFERING AND WILL CONTINUE TO SUFFER IRREPARABLE HARM ABSENT THE REQUESTED INJUNCTIVE RELIEF

"[B]ecause a showing of probable irreparable harm is the single most important prerequisite for the issuance of a preliminary injunction, the moving party must first demonstrate that such injury is likely before the other requirements for the issuance of an injunction will be considered." *Dominion Video Satellite, Inc. v. Echostar Satellite Corp.*, 356 F.3d 1256, 1260 (10th Cir. 2004) (internal quotation marks and citations omitted). Irreparable harm is present where the injury at issue "is incapable of being

fully compensated for in damages or where the measure of damages is so speculative that it would be difficult if not impossible to correctly arrive at the amount of the damages." *Southwest Stainless, LP v. Sappington*, 582 F.3d 1176, 1191 (10th Cir. 2009).

Courts have often recognized that the loss of goodwill or damage to a business reputation amounts to irreparable harm because "it is virtually impossible to ascertain the precise economic consequences of intangible harms, such as damage to reputation and loss of goodwill." *TY, Inc. v. Jones Group, Inc.*, 237 F.3d 891, 902 (7th Cir. 2001). Similarly, this district has stated that "irreparable harm findings are based on such factors as the difficulty in calculating damages, the loss of a unique product, and existence of intangible harms such as *loss of goodwill* or *competitive market position*." *Community Television of Utah, LLC v. Aereo, Inc.*, 997 F. Supp. 2d 1191, 1203 (D. Utah 2014) (emphasis added) (quoting *Dominion Video Satellite*, 356 F.3d at 1260). The United States Supreme Court has also stated that "a substantial loss of business . . . sufficiently meets the standards for granting interim relief, for otherwise a favorable final judgment might well be useless." *Doran v. Salem Inn, Inc.*, 422 U.S. 922, 932 (1975).

In this case, Purple is suffering and will continue to suffer irreparable harm if an order is not granted to enjoin Defendants from continuing to impugn Purple's products and business without any legitimate basis or evidence for doing so. The harm facing Purple is irreparable in that Purple's reputation and goodwill are seriously at risk, and it is faced with a substantial loss of business. These are harms that cannot be readily be quantified or fully compensated by monetary damages. Purple is a relatively young but

highly successful company that is in the process of establishing itself and its products as staples in the BIB market. To be successful in this process, Purple has expended significant resources and time, including by developing its exclusively e-commerce platform through innovative marketing and exposure. Purple's products are high-quality, innovative, and patented or patent-pending products that have been well received by the consumer market.

Despite these successes, due to Defendants' smear campaign, Purple's efforts may prove fruitless. Defendants have taken steps to malign and create the impression that Purple's products, including the Purple® Bed, are unsafe and even dangerous, even going so far as to suggest that Purple's mattresses and pillows could cause cancer. Critically, Defendants have made these statements with no proof whatsoever. Instead, Defendants have merely observed the presence of a powder-like substance on Purple's mattresses and pillows and utilized that fact to generate numerous "articles" and posts containing multiple inflammatory statements and accusations – which are now available not only on the Blog but on various platforms throughout the internet. The cumulative effect of these statements is unmistakably false and highly likely to lead to customer confusion, which has already commenced.

Defendants' widespread accusations regarding Purple's integrity are likewise causing irreparable harm. By falsely stating over and over that Purple has "failed" to respond to inquiries regarding the safety of its products, has "failed" to adequately test its products, and has "failed" to provide any safety information about its products, Defendants are directly attacking Purple's reputation and goodwill. The impact of such

statements is obvious. They will and have already led customers and potential customers to question the integrity of the company, resulting in undeniable irreparable harm.

For these and other reasons, without an order enjoining Defendants from the above conduct, Purple stands to lose competitive position, its favorable reputation, and its goodwill in the market. These harms are unquantifiable and relate to Purple's unique market position and investment in that market position. *See, e.g., MonaVie, LLC v. Wha Lit Loh*, Case No. 2:11-cv-265 TS, 2011 WL 1233274, \*3 (D. Utah March 31, 2011) (granting an *ex parte* temporary restraining order where the threatened irreparable harm included "(1) diminished sales and diluted trademarks, trade names, and goodwill; (2) lost control and quality of its products and business . . .; or (3) exclusion from the market altogether."). Consequently, Defendants' conduct has and is causing Purple irreparable harm, entitling Purple an immediate temporary restraining order.

## B. THE HARM FACING PURPLE FAR OUTWEIGHS ANY POTENTIAL HARM TO DEFENDANTS FROM THE REQUESTED TEMPORARY RESTRAINING ORDER

In determining whether to grant an injunction, consideration must be given to whether the defendant would suffer greater harm than the plaintiff if the requested injunctive relief is granted. See Davis v. Minetta, 302 F.3d 1104, 1116 (10th Cir. 2002). If a defendant's alleged harm from the injunction is of a "self-inflicted nature," this consideration will weigh in favor of granting injunctive relief. *Id.* There is little doubt that the equities weigh strongly in favor of granting Purple's requested injunctive relief in this instance. As described above, Purple has and will suffer significant harm irreparable to

its reputation and goodwill, and it could lose substantial business and its market position. By contrast, any harm or loss of "investment" that Defendants may purport to claim as a result of the injunction is harm that Defendants inflicted upon themselves. Defendants have knowingly posted false and materially misleading information regarding Purple and its products on the internet, in the process generating substantial controversy about the issues and causing consumers to question Purple's products and integrity. Defendants are likely to suffer very little harm, if any, and any harm they may suffer is self-inflicted because they took the risk of posting unsubstantiated and false statements and claims for the sole purpose of harming Purple and confusing the public about the company and its products. Moreover, given the circumstances, Purple should not be required to post a bond to cover any harm, if the temporary restraining order issues.

Accordingly, the balance of harm weighs significantly in favor of Purple, and Purple's requested temporary restraining order should be entered.

### C. ISSUANCE OF THE REQUESTED INJUNCTIVE RELIEF WILL SERVE THE PUBLIC INTEREST

Injunctive relief in this case is not adverse to the public interest, but instead will serve the public interest.

To prevail on this element, Purple need only establish that injunctive relief will not be adverse to the public interest. *See City of Chanute v. Kansas Gas & Elec. Co.*, 754 F.2d 310, 312 (10th Cir. 1985). The public interest favors protection of the goodwill of businesses. *See, e.g., Morgan Stanley Smith Barney LLC v. O'Brien*, No. 3:13-CV-01598 (VLB), 2013 WL 5962103, at\*8 (D. Conn. Nov. 6, 2013) (explaining that "there is

a public interest in the protection of the goodwill of businesses."); *Tootsie Roll Indus., Inc. v. Sathers*, Inc., 666 F. Supp. 655, 661 (D. Del. 1987) (recognizing that "the public has an interest in protecting business goodwill."). The public interest is also served by "preventing customer confusion or deception" and preventing the spread of "unsupported statements." *Osmose, Inc. v. Viance*, 612 F.3d 1298, 1321 (11<sup>th</sup> Cir. 2010) (affirming trial court's conclusion that injunction did not disserve public interest).

In this case, temporary injunctive relief will protect and prevent additional harm to Purple's reputation and goodwill, just as it will prevent consumer confusion and deception, deter unfair business practices, and promote fair and honest competition.

Thus, this factor also weighs significantly in favor of issuing a temporary restraining order.

### D. A TEMPORARY RESTRAINING ORDER IS APPROPRIATE BECAUSE PURPLE IS LIKELY TO PREVAIL ON THE MERITS OF ITS CLAIMS

Purple is also entitled to a temporary restraining order because it is highly likely to prevail on the merits of its substantive claims, including for false advertising under the Lanham Act, tortious interference with economic relations, defamation, and trade libel.

With respect to this element of the standard for injunctive relief, the Tenth Circuit has explained that

"[t]he very purpose of an injunction under Rule 65(a) is to give temporary relief based on a *preliminary estimate* of the strength of the plaintiff's suit, prior to the resolution at trial of the factual disputes and difficulties presented by the case.' Although "[t]he courts use a bewildering variety of formulations of the need for showing some likelihood of success," "[a]ll courts agree that plaintiff must present a prima facie case but *need not show a certainty of winning.*"

Planned Parenthood Ass'n of Utah v. Herbert, 828 F.3d 1245, 1252 (10th Cir. 2016) (emphases added) (citations omitted). Further, Purple need not establish a likelihood of success on *all* of its claims; instead, Purple is entitled to an injunction even if it meets the standard as to just one of its claims. See, e.g., id. at 1252 (holding that plaintiff was entitled to a preliminary injunction where it established a likelihood of success on the merits on two of its three claims).

The Tenth Circuit has also held that, "[i]f the plaintiff can establish that the . . . three requirements [other than likelihood of success] tip strongly in his favor, the test is modified, and the plaintiff may meet the requirements for showing success on the merits by showing that questions going to the merits are so serious, substantial, difficult and doubtful as to make the issue ripe for litigation and deserving of more deliberate investigation." *Greater Yellowstone Coal v. Flowers*, 321 F.3d 1250, 1255-56 (10th Cir. 2003) (quoting *Davis v. Mineta*, 302 F.3d 1104,1111 (10th Cir. 2002); see also *Heideman v. S. Salt Lake City*, 348 F.3d 1182, 1188-89 (10th Cir. 2003). Because the first three elements of the standard weigh heavily in favor of granting a temporary restraining order in this case, Purple need only meet the modified standard.

Nevertheless, as set forth below, the evidence shows that Purple readily satisfies the traditional standard.

#### 1. <u>Lanham Act – Section 43(a)(1)(A)-(B)</u>

To prevail on a claim of false advertising under the Section 43(a) of the Lanham Act, a plaintiff must show by a preponderance of the evidence that the defendant made a materially "false designation of origin, false or misleading description of fact, or false

or misleading representation of fact" in commerce in connection with its advertising of a product which is either:

- (A) likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person; or
- (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities.

15 U.S.C. § 1125(a)(1)(A)-(B). A plaintiff must also show that it is "likely to be injured as a result of the misrepresentation, either by direct diversion of sales or by a lessening of goodwill associated with its products." *Zoller Labs., LLC v. NBTY, Inc.*, 111 F. Appx. 978, 982 (10th Cir. 2004); see also Sally Beauty Co., Inc. v. Beautyco, Inc., 304 F.3d 964, 980 (10th Cir. 2002) ("The elements of a claim for false statements under the Lanham Act are "(1) that the defendant made material false or misleading representations of fact in connection with the commercial advertising or promotion of [a] product; (2) in commerce; (3) that are either likely to cause confusion or mistake as to . . . the characteristics of the goods or services; and (4) injure the plaintiff.").

With respect to the first element, "[t]o show a qualifying false or misleading statement, a plaintiff must demonstrate that the defendant's statement was either (1) literally false or (2) literally true or ambiguous but implicitly false, misleading in context, or likely to deceive." *Gen. Steel Domestic Sales, LLC v. Chumley*, 627 F. App'x 682, 684 (10th Cir. 2015); *accord Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharm. Co.*, 290 F.3d 578, 586 (3d Cir. 2002) ("Liability arises if the commercial message or statement is either (1) literally false or (2) literally true or

ambiguous, but has the tendency to deceive consumers."); Castrol Inc. v. Pennzoil Co., 987 F.2d 939, 943 (3d Cir.1993) ("[A] plaintiff must prove either literal falsity or consumer confusion, but not both."). There are two ways to satisfy the false and misleading element of the claim for a reason: "Section 43(a) . . . encompasses more than literal falsehoods,' because otherwise, 'clever use of innuendo, indirect intimations, and ambiguous suggestions could shield the advertisement from scrutiny precisely when protection against such sophisticated deception is most needed." Cotrell, Ltd. v. Biotrol Int'l, Inc., 191 F.3d 1248, 1252 (10th Cir. 1999) (citations omitted). Defendants' actions in this case meet both standards for the first element because their statements are literally false and because the statements, even if ambiguous or true, have already led and are likely to continue to mislead consumers and cause consumer confusion.

The standard for literal falsity may be met in two different ways. "A 'literally false' message may be either explicit or conveyed by necessary implication when, considering the advertisement in its entirety, the audience would recognize the claim as readily as it if had been explicitly stated." *Vitamins Online, Inc. v. HeartWise, Inc.*, No. 2:13-CV-982-DAK, 2016 WL 5106990, at \*9 (D. Utah Sept. 19, 2016) (citations omitted) (denying summary judgment in Lanham Act false advertising case). Here, as to explicit literal falsity, many of the statements and much of the information published by Defendants on the Blog are untrue in numerous respects, including the wholly unsubstantiated and false statements regarding the alleged dangers of Purple's products, the alleged lack of adequate product testing by Purple, Purple's alleged unwillingness to respond to inquiries about the safety of its products, and the alleged

neutrality of the reviews on comments on the Blog. These statements are also literally false when considered in their entirety and in light of their cumulative effect, because the viewers of the Blog are likely to "recognize the claim[s] as readily as it [they] had been explicitly stated." *Vitamins Online*, 2016 WL 510990, at \*9. That is, the overall impact of the statements is to convey the (false) messages that Purple's products are dangerous, that Purple is not truthful and is hiding information, and that the information posted on the Blog is entirely without bias or affiliation.

Even if Defendants' statements were ambiguous or true, which they are not, they satisfy the first element of the Lanham Act claim because they are "implicitly false, misleading in context, [and] likely to deceive." *Gen. Steel Domestic Sales*, 627 F. App'x at 684. As detailed above and in the Complaint, many of the statements on the Blog and in the "Articles" clearly *imply* that Purple is not forthcoming and that its products are unsafe, even where broad qualifying language is used. This is particularly true with regard to many of the inflammatory questions in the "Articles," which ask, for example, whether the powder is safe, but which obviously intentionally raise the question and cause confusion in the minds of consumers as to that very issue, despite the lack of any proof to show that the powder is unsafe, and despite the fact that the *only* available evidence (of which Defendants are aware) is that the powder *is* safe. The vast number of the statements and assertions involved, especially when viewed in context and as a whole, are highly misleading to consumers, some of whom have already expressed confusion as to whether Purple's products are safe and whether Purple is being honest.

Second, under Section 43(a)(1)(B), Defendants' statements and representations constitute "commercial advertising or promotion," and are clearly misrepresenting the nature and characteristics of Purple's products, services, and commercial activities. Not only do the statements – without any substantiation at all – accuse Purple of selling unsafe products and refusing to disclose information related to those products, but they also falsely inform the public that Purple is not to be trusted. Further, Defendants' statements misrepresent the nature and characteristics of their own services, in that HMR's reviews and rankings are not unbiased or neutral, including because of HMR's and Monahan's affiliation with GhostBed.

Likewise, the evidence establishes that Defendants' misrepresentations of fact are likely to cause confusion or mistake as to the affiliation of Defendants with the mattress companies that appear and are reviewed on the Blog, including GhostBed in particular, satisfying section 43(a)(1)(A) of the Lanham Act. Specifically, the Blog and Monahan repeatedly assert they are unbiased and neutral, and that they receive no compensation of any kind from any mattress company. If this proves to be untrue, as the evidence strongly suggests, due to Monahan's prior and/or continuing affiliation with GhostBed and the highly favorable reviews of GhostBed's products on the Blog, among other things, then the statements are causing and likely to continue to cause confusion as to Defendants' affiliation, whether HMR and Monahan are in fact neutral, and whether HMR or Monahan are being compensated for their "sponsorship."

False or misleading statements regarding endorsements, including endorsements that mislead consumers as to whether they are biased and independent,

are also in violation of the regulations and guidelines promulgated under Section 5 of the Federal Trade Commission Act (the "FTC Act"). See 16 C.F.R. §§ 255.0-255.5.

Although these regulations do not provide a private cause of action, "a plaintiff may and should rely on FTC guidelines as a basis for asserting false advertising under the Lanham Act." Manning Int'l, Inc. v. Home Shopping Network, Inc., 152 F. Supp. 2d 432, 437 (S.D.N.Y 2001); see also Casper Sleep, Inc. v. Mitcham, No. 16 Civ. 3224, \_\_\_\_ F. Supp. 3d \_\_\_\_, 2016 WL 4574388, \*4 (S.D.N.Y. Sept. 1, 2016 ) (same).

Finally, there is no doubt that Purple faces substantial harm as a result of Defendants' conduct. Customers who otherwise might have purchased from Purple are highly likely, upon viewing Defendants' false statements, to reconsider their decisions or be steered to competitive products such as GhostBed's mattresses. These diverted sales will result in substantial losses of profits that would otherwise come to Purple, which is not to mention the harm resulting to Purple's goodwill and reputation. In the absence of injunctive relief, Defendants will continue to flood the internet with false and misleading statements, drowning out Purple's efforts to counteract those statements and maintain its place in the BIB market.

In addition to the other remedies offered under the Lanham Act, the statute specifically authorizes injunctive relief in these circumstances, stating that courts may grant injunctions to prevent violations under, among other provisions, 15 U.S.C. § 1125(a). See 15 U.S.C. § 1116(a).

In short, because Purple is likely to prevail on its claim under Section 43(a)(1) of the Lanham Act, immediate injunctive relief is warranted.

#### 2. <u>Tortious Interference with Economic Relations</u>

Purple is also likely to prevail on the merits of its claim for tortious interference with economic relations.

To establish tortious interference, a plaintiff must show "(1) that the defendant intentionally interfered with the plaintiff's existing or potential economic relations, (2) by improper means, (3) causing injury to the plaintiff." *Eldridge v. Johndrow*, 345 P.3d 553, 565 (Utah 2015). The improper means element is satisfied when "the means used to interfere with a party's economic relations are contrary to law, such as violations of statutes, regulations, or recognized common law rules. Improper means include violence, threats or other intimidation, *deceit or misrepresentation*, bribery, unfounded litigation, *defamation*, or disparaging falsehood." *Keith v. Mountain Resorts Dev.*, *L.L.C.*, 2014 UT 32, ¶ 46, 337 P.3d 213 (emphasis added) (quoting *Overstock.com, Inc. v. SmartBargains, Inc.*, 2008 UT 55, ¶ 18, 192 P.3d 858).

The evidence in this case readily shows that Defendants are acting intentionally to harm and interfere with Purple's economic relationships with both its existing and prospective customers. Absent their desire to harm Purple, the reviews on the Blog would likely appear just as the reviews it conducts for any other mattress company.

Instead, Defendants have deliberately elected – with no evidence at all – to launch a campaign attacking the safety of Purple's products, the company's business practices, and its honesty with consumers. As noted above and as reflected in posts to Purple's Facebook page, customers who would otherwise have purchased from Purple are being

diverted, including to GhostBed, as a result of Defendants' campaign of false, misleading, and confusing statements.

Moreover, Defendants are utilizing improper means to achieve their goals, satisfying the second element of the claim for tortious interference. As set forth in detail above and in the Complaint, Defendants' statements on the Blog and elsewhere regarding Purple are in violation of the Lanham Act, which alone is sufficient to constitute improper means. The statements also constitute deceit or misrepresentation, defamation, and disparaging falsehood, any one of which is sufficient to meet this element.

The injury element of tortious interference is also met, as Purple is already experiencing irreparable harm to its reputation and goodwill, lost profits, and diverted sales. Customers who otherwise might have purchased from Purple are highly likely, upon viewing Defendants' false statements, to reconsider their decisions or be steered to competitive products such as GhostBed's mattresses. These diverted sales will result in substantial losses of profits that would otherwise come to Purple, which is not to mention the harm resulting to Purple's goodwill and reputation. Absent injunctive relief, these injuries will only worsen and increase.

Accordingly, Purple is likely to succeed on the merits of its claim for intentional interference with economic relations.

#### 3. Defamation

A plaintiff makes a prima facie case for defamation if he shows that "(1) the defendant published . . . statements [in print or orally]; (2) the statements were false;

(3) the statements were not subject to privilege; (4) the statements were published with the requisite degree of fault; and (5) the statements resulted in damages." *Jacob v. Bezzant*, 2009 UT 37, ¶ 21, 212 P.3d 535 (quotations omitted). The requisite degree of fault for a defamation claim brought by a private plaintiff is negligence. *See Seegmiller v. KSL, Inc.*, 626 P.2d 968, 973 (Utah 1981). That is, if the defendant published the statement with negligence as to the truth or falsity of the statements, then the defendant will be liable if the other elements of the claim are met. *See id.* Statements are defamatory per se if they "charge of conduct that is incompatible with the exercise of a lawful business, trade, [or] profession[.]" *Baum v. Gillman*, 667 P.2d 41, 43 (Utah 1983). Even if the statements are qualifiedly privileged, a defendant may still be liable if the statements were made with reckless disregard for their truth or falsity or with malice. *See Alford v. Utah*, 791 P.2d 201, 204 (Utah Ct. App. 1990); *see also Seegmiller*, 626 P.2d at 978-9.

Defendants' false statements are not subject to any kind of privilege, and Purple has been damaged as a result. Accordingly, the temporary restraining order should be granted.

First, there is no question that Defendants have published statements concerning Purple, including on the Blog and on various social media platforms. Second, the

<sup>&</sup>lt;sup>4</sup> The degree of fault for a defamation claim brought by a public figure is reckless disregard for the truth or falsity of the statements, or actual malice. See Wayment v. Clear Channel Broadcasting, Inc., 116 P.3d 271, 278 (Utah 2005). Even if this higher standard of fault were applied to Purple's claims, Defendants would still be liable, since they published their statements with reckless disregard as to their truth or falsity, as demonstrated more fully above.

express and implied statements are false. Indeed, Defendants are clearly misrepresenting the nature and characteristics of Purple's products, services, and commercial activities. Not only do the statements accuse Purple of selling unsafe products and refusing to disclose information related to those products, but they also falsely inform the public that Purple is not to be trusted. Defendants are making these statements in an effort to create a viral online controversy related to Purple and the alleged lack of safety of its products. The statements are false because Purple has extensively tested its products for safety, and Purple is responsive to customer concerns and inquiries. Purple would not sell an unsafe product.

Third, Defendants published the statements with negligence, or with reckless disregard as to the truth or falsity of the statements. In determining whether a defendant published a statement with negligence, the question is whether the defendant "acted reasonably in checking on the truth or falsity" before publishing. Seegmiller, 626 P.2d at 976 (quotations omitted). Here, there is no question that Defendants acted unreasonably before publishing the false statements, including because Defendants have absolutely no reason to believe or suggest that Purple's products are harmful or somehow unsafe. Additionally, by stating that Purple is unresponsive to its customers concerns, Defendants have blatantly disregarded Purple's repeated and public efforts to address the safety of its products. These facts demonstrate that Defendants have not acted reasonably, and have therefore published their statements with negligence.

Reckless disregard as to falsity "exists when there is a high degree of awareness of probable falsity or serious doubt as to the truth of the statement." *Ferguson v.* 

Williams & Hunt, Inc., 2009 UT 49, ¶ 30, 221 P.3d 205. While reckless disregard is subjective, "certain facts may show . . . that there are obvious reasons to doubt the veracity of the informant or the accuracy of his reports." Id. (quotations omitted). Here, Defendants had more than "obvious reasons" to doubt the veracity of their statements. As noted above, Defendants have absolutely no reason to believe or suggest that Purple's products are harmful or somehow unsafe. Additionally, by stating that Purple is unresponsive to its customers concerns, Defendants have blatantly disregarded Purple's repeated and public efforts to address the safety of its products. These facts demonstrate that Defendants have acted with reckless disregard of the truth, or with actual knowledge of the falsity of their statements.

Fourth, the statements are not subject to any privilege.<sup>5</sup> However, even if the statements are subject to a qualified privilege, that privilege can be overcome because Defendants have published their statements with reckless disregard or knowledge of

There are two types of privilege in the defamation context: absolute privilege and qualified privilege. Statements made by a party in the course of judicial proceedings, for example, are absolutely privileged, and the publisher is free from any liability. See Price v. Armour, 949 P.2d 1251, 1256 (Utah 1997). On the other hand, the publisher of statements that are qualifiedly privileged may still be liable if he published the statements with knowledge of their falsity, with reckless disregard of the statements' truth or falsity or with malice. See Alford v. Utah, 791 P.2d 201, 204 (Utah Ct. App. 1990); see also Seegmiller, 626 P.2d at 978-9. Statements are qualifiedly privileged if they are intended to "protect a legitimate interest of the publisher, the recipient, or a third person." Ferguson, 2009 UT 49 at ¶ 27. Such statements would include an employer's communication to other interested parties concerning the reasons for an employee's discharge. See id. Defendants cannot claim any privilege, absolute or qualified, in this case.

their falsity, as demonstrated above. See Alford v. Utah, 791 P.2d 201, 204 (Utah Ct. App. 1990); see also Seegmiller, 626 P.2d at 978-9.

Fifth, the statements are defamatory per se, and have resulted in damages. Because the statements impugn Purple's customer-service practices and the safety of its products, they "charge conduct that is incompatible with the exercise of a lawful business," and are defamatory per se. *See Baum*, 667 P.2d at 43. Moreover, the damages caused by the false statements is evident from the voluminous customer inquiries concerning the safety of the anti-tack powder. Additionally, there is no doubt that Purple has been damaged as a result of Defendants' conduct. Customers who otherwise might have purchased from Purple are highly likely, upon viewing Defendants' false statements, to reconsider their decisions or be steered to competitive products, such as GhostBed's mattresses. These diverted sales will result in substantial losses of profits that would otherwise come to Purple, which is not to mention the harm resulting to Purple's goodwill and reputation.

Therefore, because Purple is likely to prevail on its claim for defamation, immediate injunctive relief is warranted.

#### 4. <u>Trade Libel / Injurious Fals</u>ehood

In order to recover under a claim of injurious falsehood or trade libel,<sup>6</sup> a plaintiff must prove "(a) falsity of the statement made, (b) malice by the party making the

<sup>&</sup>lt;sup>6</sup> The terms "injurious falsehood" and "trade libel" are synonymous. *Farm Bureau Life Ins. Co. v. American Nat. Ins. Co.*, 505 F.Supp.2d 1178, 1191 (D. Utah. 2007). At its core, this cause of action "concerns statements regarding the quality of the plaintiff's product or the character of the plaintiff's business." *Watkins v. General Refractories* 

statement, and (c) special damages." Farm Bureau Life Ins. Co. v. American Nat. Ins. Co., 505 F.Supp.2d 1178, 1191 (D. Utah. 2007). Here, Purple has demonstrated that Defendants made false statements, that the statements were made with malice, and that Purple has suffered special damages, namely, the revenue from the loss of potential customers.

As to the first element, Purple has demonstrated that the statements are false.

There is absolutely no basis in fact for Defendants to claim or imply that Purple's products are hazardous, or that Purple is unresponsive to its customers' questions and concerns.

As to the second element, Purple has demonstrated that Defendants made the statements with malice. To show malice, a plaintiff may demonstrate that the statements were "were excessively published," or that the publisher "did not reasonably believe his or her statements." *Wayment v. Clear Channel Broadcasting, Inc.*, 116 P.3d 271, 288 (Utah 2005) (quotations omitted). Here, Defendants could not have reasonably believed their statements concerning Purple's products. As noted above, Defendants have absolutely *no reason* to believe or suggest that Purple's products are harmful or somehow unsafe. Additionally, by stating that Purple is unresponsive to its customers concerns, Defendants have blatantly disregarded Purple's repeated and public efforts to address the safety of its products.

Co., 805 F.Supp. 911, 917 (D. Utah. 1992) (citing *Direct Import Buyers Ass'n v. KSL, Inc.*, 538 P.2d 1040 (Utah 1975)).

With regard to the third element, special damages are those damages representing actual pecuniary losses suffered, as opposed to general damages, which cover pain and loss of reputation. *See e.g., Balderas v. Starks*, 2006 UT App 218, ¶ 16, 138 P.3d 75. Here, Purple has adequately demonstrated that it has suffered special damages, namely, the revenues from customers who otherwise might have purchased from Purple and are highly likely, upon viewing Defendants' false statements, to reconsider their decisions or be steered to competitive products, such as those offered by GhostBed. These diverted sales will result in substantial losses of profits that would otherwise come to Purple.

Because Purple is likely to prevail on its claim for injurious falsehood, immediate injunctive relief is warranted.

### CONCLUSION

For all of the foregoing reasons, Purple respectfully asks the Court to grant its motion for temporary restraining order without bond, and to set a hearing for a preliminary injunction at a reasonable interval thereafter.

DATED this 27<sup>th</sup> day of February, 2017.

MAGLEBY CATAXINOS & GREENWOOD

/s/ James E. Magleby

James E. Magleby

Christine T. Greenwood

Adam Alba

Attorneys for Plaintiff Purple Innovations, LLC

### **CERTIFICATE OF SERVICE**

I hereby certify that I am employed by the law firm of MAGLEBY CATAXINOS & GREENWOOD, 170 South Main Street, Suite 1100, Salt Lake City, Utah 84101, and that pursuant to Rule 5 of the Federal Rules of Civil Procedure, I am attempting to serve a true and correct copy of the foregoing **MOTION FOR TEMPORARY RESTRAINING**ORDER upon the following via personal service:

HONEST MATTRESS REVIEWS c/o Ryan Monahan 900 North Federal HWY Suite 220 Boca Rotan, Florida 33432 Ryan Monahan 900 North Federal HWY Suite 220 Boca Rotan, Florida 33432

GHOSTBED 7143 West Broward Blvd. Plantation, Florida 33317

A report concerning service will be made to the Court as soon as possible.

Dated this 27th day of February, 2017.

/s/ Adam Alba\_\_\_\_\_

### **Exhibit A**

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### IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATION, LLC, A
Delaware limited liability company,

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

DECLARATION OF SAM BERNARDS IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER

Case No.: 2:17-cv-00138-PMW

Magistrate Judge Paul M. Warner

- I, Sam Bernards, hereby declare as follows:
- I am over 21 years of age and have personal knowledge of the facts set forth in this Declaration. If asked to testify, I could and would testify as to the matters set forth below.
- I am the Chief Executive Officer of Purple Innovation, LLC ("Purple"). I
   have been with Purple since September 2016.

- 3. My duties include overseeing development and manufacturing of Purple's products.
- 4. Purple is an innovative and successful company located and operating in Utah focused upon bringing technologically advanced comfort products and related products to the market to resolve and alleviate pain experienced by individuals while lying in bed or sitting.
- 5. Since the launch of Purple's first mattress product, the Purple® Bed,
  Purple has grown from having fewer than 50 employees in January 2016 to over 550
  employees in February 2017, all of whom are located in the State of Utah and most of
  whom are involved in the manufacturing of Purple's products.
- 6. Purple has expanded its business beyond the Purple® Bed, and we now provide a variety of innovative, quality products related to the mattress and sleep market, including the Purple® Pillow.
- 7. Purple was founded by brothers Tony and Terry Pearce, and they both are engineers.
- 8. The seeds of the business were planted in 1989, when the Pearce brothers decided to apply their engineering skills to develop innovative products that would improve people's quality of life.
- 9. Purple's mattress and pillow products are manufactured in Utah using Hyper-Elastic Polymer™, which is molded into a shape that relaxes under pressure points, redistributing the pressure to other areas.

- 10. Purple utilizes its patented machine, called Mattress Max<sup>™</sup>, to manufacture Hyper-Elastic Polymer<sup>™</sup> in sizes large enough to fully cover a king-sized mattress, and at production rates and costs that allow the products to be sold affordably online.
- 11. Purple has made innovations and improvements to its products over time, including discovering a proprietary use of a non-toxic, anti-tack powder made from plastic of a family of plastics that is used for food containers and children's toys, and has been allowed by the FDA for use in surgical implants. The plastic powder used by Purple sticks to the Hyper-Elastic Polymer™ and prevents the mattresses and pillows from sticking to themselves when they are compressed for shipping. Purple is currently seeking patent protection for use of the anti-tack powder in this manner.
- 12. Purple has a number of cushioning-related patents and pending patent applications.
- Purple would not sell product to consumers if we had any reason to believe our products were unsafe.
- 14. Beginning in 2016, Purple embarked upon an e-commerce marketing and sales strategy designed to get its products quickly into the hands of consumers at competitive prices.
- 15. Purple has successfully focused its efforts upon the "Bed in a Box" ("BIB") mattress market segment. Purple does not have brick and mortar stores but instead sells its bedding products through an e-commerce platform.

- Purple's competitors in the BIB market include GhostBed, Inc.
   ("GhostBed"), Casper, Leesa, and Tuft & Needle, among others.
- 17. Purple passes along to its customers the cost savings it achieves through its vertical integration strategy of innovation, manufacturing and marketing.
- 18. Purple delivers mattresses to consumers for a risk free trial. Purple currently offers consumers 100 days to try out the Purple® Bed, and it provides a full refund if the customer is not satisfied.
- 19. The BIB segment is a fast-growing part of the mattress industry, with revenues estimated to be over one billion dollars.
- 20. The BIB segment is disrupting the mattress industry and experiencing a remarkable period of growth. For example, Google reports through its system for capturing trends that mattress internet search volume has doubled since 2012.
- Capturing market share during a period of rapid expansion and growth is critical for Purple's success.
- 22. Although Purple did not launch its mass production and major marketing campaign until January 2016, Purple has become one of the four leading BIB companies out of over 100 such companies, experiencing exponential and rapid growth.
- 23. Purple places a high value on the safety, reliability, and quality of its products. Purple has invested millions of dollars into research and development and our manufacturing processes. Its mattresses have passed all governmental safety requirements, enabling Purple to deliver on the promise of providing a superior sleep experience.

- 24. Purple's positive goodwill and reputation in the marketplace have been critical to its rapid growth and success, and Purple has worked hard and made substantial expenditures to develop these qualities, including our unique, effective, and innovative marketing and the development of our online presence.
- 25. Purple's website has drawn millions of visitors, and its marketing videos have been viewed by tens of millions of viewers.
- 26. Purple has received positive reviews from thousands of customers who have benefitted from Purple's products.
- 27. Because Purple relies heavily on an e-commerce sales strategy, online comments and reviews are significant to our business.
- 28. Purple welcomes and appreciates the intense customer and reviewer scrutiny of its products on the internet, including factually accurate negative reviews, which can provide valuable input that Purple can use to improve its products and business. However, because of our extensive e-commerce platform, reviews that are false or likely to mislead consumers can have a drastic impact on our reputation and sales.
- 29. Purple recently became aware of a new mattress review website, "honestmattressreviews.com" (the "Blog"), which purportedly is owned by Honest Reviews, LLC ("HMR").
- 30. Starting in January 2017, Purple discovered that the Blog had begun posting false and seriously misleading information regarding Purple and its products, including multiple posts calling into question the safety of the Purple® Bed products,

including the proprietary anti-tack powder, and the honesty and integrity of our business.

- 31. After investigating further, we discovered that five separate articles containing false and misleading information and innuendo have been posted on the Blog. We also learned that these articles can be found through simple internet searches and that they have been reposted to social media sites like Facebook and Twitter.
- 32. In an attempt to respond to the false, misleading, and confusing statements on the Blog and elsewhere, we have posted extensive, truthful information about our proprietary powder on the Purple website, which can be accessed at <a href="https://onpurple.com/blog/non-toxic-plastic-powder">https://onpurple.com/blog/non-toxic-plastic-powder</a>.
- 33. Among other things, we explain that the purpose of the powder is to prevent Purple's Hyper-Elastic Polymer<sup>™</sup> from sticking to itself, that it is non-toxic and chemically inactive plastic, and that it is from a family of plastics used for food containers and children's toys. Purple is unaware of any information or evidence showing that its products which have the anti-tack powder are in any way unsafe or dangerous to consumers using those products as intended.
- 34. Purple attempts to continually improve its processes to use the appropriate amount of powder on its products for shipping to consumers. Both mattress and pillow products having this powder have covers over the powdered Hyper-Elastic Polymer™ when shipped to consumers as finished products, and these products are

typically used by consumers with a mattress protector and/or sheet (bed only) or a pillow case.

- 35. Apart from the obviously edited clips of telephone calls posted on the Blog, which purport to be calls to Purple from HMR representatives (who do not identify themselves as such, or the fact that the conversations are being recorded), we are unaware of any efforts by GhostBed, HMR, or Monahan to contact Purple about the safety of its products or the anti-tack powder, and we are unaware of any Purple representatives who have refused to provide pertinent, non-confidential information.
- 36. Because Purple discovered the innovative anti-tack powder itself, the exact identification of the powder is currently proprietary, and we have applied for patent protection related to our use of the powder.
- 37. Purple just recently discovered and believes that Kyle Monahan was previously employed by Purple's competitor, GhostBed, as its Chief Brand Officer.
- 38. GhostBed is third on the long list of mattress companies on the "Reviews" page of the Blog, near Tempur Sealy so as to associate itself with the leading mattress company, both receiving a "world-class" rating, and Purple is the only company having a "poor" rating represented by a red circle with an "X" in it.
- 39. Purple is informed and believes that, in mid-2016, GhostBed's CEO's daughter, or some relation, posted a review of the Purple® Bed on Amazon.com under a false name, which referenced the "powder," a baby, "Johnson and Johnson," "cancer," and "safety."

- 40. Since HMR began publishing the "Articles" and the "PSA" on the Blog, Purple has already been experiencing harm to its reputation. A number of consumers have recently indicated confusion regarding Purple and the safety of its products as a result of the false information being spread around the internet.
- 41. For example, consumers have recently begun posting a variety of comments addressing these issues on Purple's Facebook page, including the following:

"Hey purple! Im loving all the reviews and hope to purchase a mattress by mid march, however I have heard something about a white powder inside thay can be toxic? Would like to hear some more information before I make a desecison."

"Lot, is this the answer to the white powder problem? 'Just cover it up' So American lol"

"Yes Wil Moore but you generally don't eat plastic and you certainly do not breath it ... if you did it would be very bad. The stomachs acids could dissolve plastic but the lungs are much more delicate. Cody, dawn dish soap may not list the lungredients but you can look them up. From what I have read purple refuses to disclose what the white powder is made of and that is the issue I have."

"What's the white powder I keep hearing about?"

"We tried purple and ended up going with a ghostbed. The last 3 weeks have been amazing! I'm a stomach sleeper myself. Purple didn't cut it. I also have lung disease and there's a powdery substance used on the purple bed that made difficult to breathe."

"Heard lawsuits are coming in due to toxic chemicals being in the mattress"

"So reading that creates more questions for me. It may be considered food grade, non-toxic, and safer than a fork, but it's a plastic powder? Inhalation seems like it could be problematic. I don't like eating with plastic forks because they still have toxins regardless how safe they're deemed. I most

certainly want to inhale anything considered any kind of plastic.

So is this powder contained within the protective cover? Will it create a cloud of powder every time I go to bed for me to inhale? I've been watching you grow with curiosity and interest, and I need a new bed, but this may be a deal breaker."

"Is there a powder residue as claimed in another post I saw? Is it talc powder? Also if I buy the king electric base can I attach headboard to the base?"

"Ok so heard something about this white powder in the mattress giving asthma people problems can anyone speak to that?"

"I just read an article that talked about how these mattresses produce a white powder or dust that is inhaled by the sleeper... even some of your retailers are now speaking against this bed for that same reason."

42. Purple also has just discovered that HMR now is paying advertising fees to push its false and misleading Blog posts about Purple to Purple's potential customers. In fact, it appears it is paying more to promote the anti-Purple posts than for any other post based on the fact that the usual number of comments is around 10, and for the sponsored posts about Purple there are over 100 comments. An example of a true and correct copy of what is found on the internet is set forth on the next page:



Write a reply...

- 43. Upon information and belief, Monahan maintains an office at or still does work for GhostBed and can be reached by calling the number posted on GhostBed's website.
- 44. Because Purple relies heavily upon an e-commerce platform for selling its bedding products to its customers, its online reputation and goodwill are of critical importance to its success.
- 45. The false and misleading information being spread on the internet threatens ample harm to Purple, including Purple's growth rate, causing harm to our goodwill, loss of market share, the loss of sales diverted to our competitors, and harm to our ability to attract employees and obtain capital.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

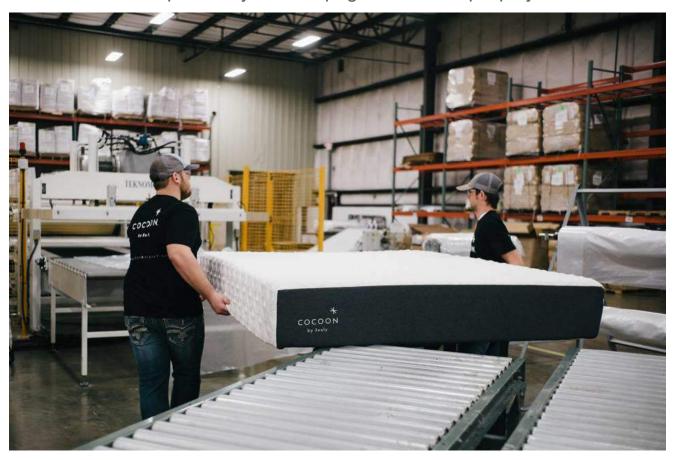
DATED this <u>17</u> day of February, 2017.

Sam Bernards

# **Exhibit B**

# **Bed-in-a-Box Startups Challenge Traditional Mattress Makers**

Flat pricing, free shipping and returns attract shoppers loath to step into a showroom. Tempur Sealy takes a page from startups' playbook.



A Tempur Sealy Cocoon mattress is prepared for compression. The Cocoon line will be sold at fixed prices—\$549 to \$999 depending on size—through a dedicated website. *PHOTO: BOB MILLER FOR THE WALL STREET JOURNAL* 

By SARAH NASSAUER Updated March 7, 2016 3:04 p.m. ET 48 COMMENTS

When Will Haley decided to buy a king-size mattress, he did what he does when he needs a new computer or baby diapers: he bought it online.

Never mind that the mattress cost \$950, and he wasn't going to be able to try it out. "I just didn't want to go to a showroom," says the 36-year old software developer and father of three from Rocky Mount, N.C. "That is the last place in the world I want to take my kids."

### **HOW WE SHOP**

A continuing series on how changes in Americans' shopping habits are forcing radical shifts across retail and other industries.

• E-Commerce Boom Roils Trucking Industry

Mattresses were long considered immune to the e-commerce boom. For decades, they have been sold in showrooms full of dozens of styles with dizzying discounts and high-pressure salespeople.

But a new breed of upstarts with slick websites has cracked into the \$14 billion U.S. mattress industry. The online sellers offer just a few varieties at fixed prices—and ship free to customers' doors a foam mattress that is compressed into a box the size of a large suitcase.

Industry incumbents aren't taking the new challenge lying down. <u>Tempur Sealy</u>

<u>International</u> Inc., the world's largest mattress manufacturer, this week will start selling its own bed in a box, called Cocoon by Sealy. It will be sold at fixed prices—\$549 to \$999 depending on size—through a dedicated website. It comes in two models: soft or firm.

### From the Archives

### 0:00 / 0:00

With names like Leesa, Keetsa and Casper, a flurry of startups are trying to shake up the bedding industry, often by offering just one or two mattresses at a stable but premium price. WSJ's Charlie Wells reports. Photo: Lessa.com (Originally publised Sept. 30, 2015)

Mr. Haley bought his bed from Casper Sleep Inc., which sells one type of mattress. The size determines the price, from \$500 for twin to \$950 for king. Casper's approach is one of simplicity and convenience, not coil counts and pillow tops. The company generated \$100 million in sales last year, its first full year of operation.

Casper and other newer companies, such as Leesa Sleep and Yogabed, have designed sites tailored for smartphones that require a few clicks to order. In place of the chance to try out a \$5,000 Tempur-Pedic with adjustable base or lie down on a \$2,500 Serta iComfort with gel memory foam, they promise free shipping, 100-day guarantees and free returns.

It is a process aimed at the often wealthier, younger and busy shoppers who care less about kicking the tires and more about convenience. Mr. Haley says he felt comfortable buying the mattress sight unseen because online reviews are enough quality control. "Anything I can buy online, I do," he says.

6
I just didn't want to go to a showroom
—Will Haley, a 36-year old software developer and father of three

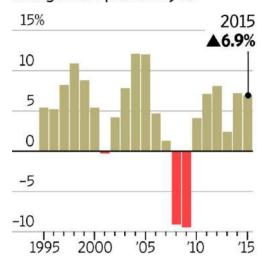
Two-year-old Casper and its rivals represent 2% to 3% of the U.S. market but they are proliferating. "I've counted thirteen [startups], most of which have popped up in the last two years," says Peter Keith, a retail analyst at Piper Jaffray who studies the bedding industry.

"I think it's a channel we should be in and it's a market, we just don't know how large it is," says Scott Thompson, CEO of Tempur Sealy. The majority of customers want to try out a mattress, and it is likely to stay that way for a while, he says. Still "we used to say people would never buy a car without driving it, but there are people buying cars without driving," he says.

Most mattresses bought in the U.S. cost under \$1,000, but mattresses that cost more than \$1,000 account for over half of the industry's sales in dollars, according to Tempur Sealy.

### **Springing Up**

Wholesale spending on mattresses & foundations, change from previous year



Notes: 2015 figure is comparable change through November. Declines in 2008 and

2009 are due to the recession.

Source: Piper Jaffray analysis of International

Sleep Products Association data THE WALL STREET JOURNAL.

More than a year ago Tempur Sealy peeled off "a younger group of people" within the company to examine the growing interest in mattresses sold online for under \$1,000, says Mr. Thompson, who joined the Lexington, Ky., firm in September. Executives said, "Go ahead and attack this market. Don't worry" about upsetting the company's retail partners, says Mr. Thompson.

The move took courage, says Mr. Thompson. Last year, 91% of Tempur Sealy's revenue came through chains like Sleepy's, <u>Macy's</u> Inc. and <u>Costco Wholesale</u> Corp. "You have traditional organizations that could look at that product as a threat," he says.

To give mattress stores a way to benefit from Cocoon, Sealy will give its retail partners the option to sell the bed-in-a-box via a link on their own websites and pocket a cut of sales, says Mr. Thompson.

But the company's biggest retailer isn't interested. "I don't think it's something we would look to Sealy for," says Ken Murphy, president of Mattress Firm Holding Corp., the largest mattress

retailer in the U.S. with around 3,800 stores. The company, which also owns the Sleepy's chain,

started selling its own Dream Bed online last fall.



After the compression and vacuum seal are applied, a flattened Cocoon mattress is tightly rolled by a machine and boxed for shipment. PHOTO: BOB MILLER FOR THE WALL STREET JOURNAL

Tempur Sealy has sold beds in a box and mattresses online, but mostly through retailers or traditional websites, says Jill Johnson, brand manager for Cocoon, one of the four employees first put on the team. It didn't offer a simple purchase and delivery process, or aspirational lifestyle, she says.

The target customers are younger, often going through life changes that spur them to upgrade their just-out-of college mattress, perhaps a marriage or baby, says Ms. Johnson. The team tested four brands in consumer focus groups, standing behind one-way glass as potential shoppers examined mattresses labeled "Drift," "Nod," and "Doze."

Compressed mattresses promise high margins because they are cheaper to ship than inner spring mattresses that can't be compressed, says Joe Van De Hey, chief executive of C3 Corp., a maker of mattress-compression machinery. Because of how carriers like FedEx and UPS charge, delivering a 90-pound compressed mattress is less expensive than home delivery with a regular truck, he says.

### **MORE IN BUSINESS**

- Kraft Withdraws \$143 Billion Offer for Unilever February 19, 2017
- Kraft Drops Unilever Bid February 19, 2017
- Unilever Chief Raises the Defenses as Kraft Heinz Circles February 19, 2017
- May to Meet Peugeot CEO Amid Concerns Over Vauxhall February 19, 2017

Returns, however, are a challenge. Most bed-in-a-box upstarts offer a free-return policy, but work hard to keep returns low since that requires sending someone to haul away what has expanded into a very large mattress.

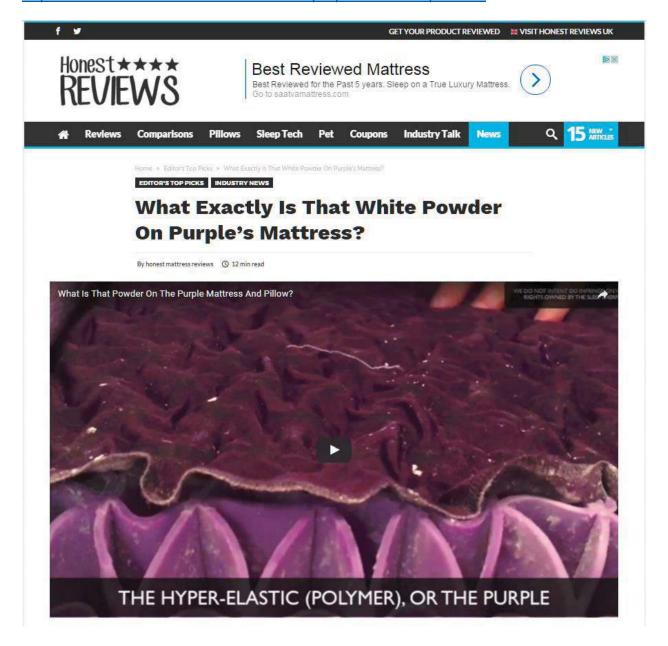
In the past Casper sent out a topper, or top cushion, to customers who called to complain about the feel of their mattresses but found it didn't reduce returns, says Neil Parikh, the company's chief operating officer. Instead it has worked to improve the product to reduce returns, Mr. Parikh says. He declined to disclose Casper's return rate.

"Returns are an issue for this distribution model. We have guarantees that we will come and pick it up," says Mr. Thompson of Tempur Sealy. "Getting the bed back in the box, that's a little bit of a problem."

Write to Sarah Nassauer at sarah.nassauer@wsj.com

# **Exhibit C**

https://www.honestmattressreviews.com/purple-mattress-powder/





One fact is certain ... Goldilocks and the 'Egg Test Video' reached viral status asking a simple question; 'Does your mattress pass the egg test'? A simple narrative with a comical infomercial style four-minute video changed the conversation amongst consumers. But, here at Honest Mattress Reviews we always ask one simple question; 'Does this benefit the consumer'?

We have praised Purple's creative team for their amazing videos. From Goldilocks to Big Foot, Purple has successfully captured the attention of mattress consumers.

Having reviewed the mattress and currently reviewing the Purple Seat Cushion, we've anxiously awaited the arrival of the 10 pound Purple Pillow (launched on Kickstarted).

We did stumble upon a question while reviewing the mattress layers.

### Specifically, the top layer that has a powder coating.

What is this white powder? Is it safe? Is it safe to touch your skin? Is it safe to inhale?

We spent months trying to reach different members of Purple's team - but to no avail.





@honestmattress They respond if they are interested in doing business with people, but they may just be busy. Give them some more time. :)



Having seen more interviews, more product review videos, and now the first shipments of Purple Pillows (that all show this powder) we continued to investigate what exactly is this mysterious powder.





< >



The information is not readily accessible in the FAQ section of the website. The product pillow images on the website also do not show the powder on the product.



Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.



After multiple calls, we finally received their 'material information documentation'.

The Purple™ Bed is made up of three layers. The top is, of course, the hyper-elastic polymer™ comfort grid that is soft where you want it and firm where you need it. The proprietary blend of materials used to create the polymer are FDA-approved food-grade or food-contact grade. Purple™ is hypoallergenic and non-toxic.

For the bottom two layers, we use premium high-density conventional (not memory) foams, which include:

3.50 inches of 1.8 lb/ft3 medium-soft comfort layer



THE purple PILLOW

4.00 inches of 2.0 lb/ft3 medium-firm support layer

All of our foam is certified by CertiPUR-US®. CertiPUR-US® approved foams are environmentally friendly and safe for users. I invite you to go to CertiPUR-US® to read about the high standards of certified foams. All of which is, of course, topped with and protected by 2 inches of Purple $^{76}$  — so the foam is protected to last even longer.

By law, all mattresses sold must pass the national flammability standard. You can read all about that standard at this site by the U.S. CPSC. The important thing to know about Purple is that unlike many other manufacturers, we use no chemical treatments to achieve this standard. Instead we use a special flame barrier fabric with unique non-toxic fibers that naturally slow flames. Both our flame barrier fabric and our glue are GREENGUARD Gold Certified."

Our cover is a patent-pending all-white cover that will stand out with its awesome knit design, all while looking chic in any room. The cover fabric content is as follows: Knit Fabric: 29% Viscose, 67% Polyester, 4% Polyester-Lycra, weight ~450 g/m2. The non-skid bottom panel is made of polyester.

Purple proudly manufactures the Purple™ Bed in the USA, in Alpine, Utah.

Final Thought – we were relieved to see some documentation regarding the materials used finally. As our focus is *consumer interest* and *consumer safety*, it's crucial we ask the tough questions.

In our opinion, Purple is world-class with their marketing, and they are great at product creation. As a consumer, the fact that you're not informed of this powered during the research or purchase phase of the customer journey is wrong. We tested multiple mattress reviewers to come into our office and simulate the purchase process. Then when they had the to opportunity see inside the mattress, the number one question was, "what is this powder"?

We were extremely concerned when we were informed (via telephone call) the power is a Talcum Powered after having watched Johnson & Johnson's multiple multimillion dollar baby powder lawsuits found to cause Ovarian Cancer. We've been reassured that Purple does NOT use Talcum Powder.

But, they remain under a blanket of secrecy answer that the powder is proprietary – so – they cannot disclose what exactly it consists of. The FDA approves many substances that they then later ban from the marketplace. Not being able to know what this substance is, leaves us in the dark today and in the future, should Purple or the FDA change their use or approval of said material(s).

In a perfect world and in a transparency to consumers, we'd like Purple to better disclose what powder material they are introducing into consumers homes *before* the customer receives the product. Especially as consumers will spend 1/3 of their lives over the next years with this powder directly touching their skin or even potentially inhaling.

Major Key: Marketing A+. Product Quality A+. Disclosing Information F.

#### CHICKSTARTER FUTO LAB



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#### A KICKSTARTER TONY PEARCE

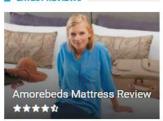


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#### STAY CONNECTED



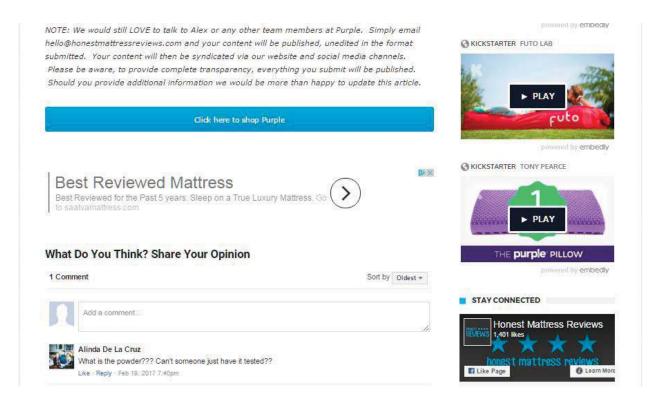
### LATEST REVIEWS











# **Exhibit D**

https://www.honestmattressreviews.com/purple-mattress-white-powder/



Just over one week ago we launched an investigative article into the unknown chemical that's found on just about every product Purple makes. We've been assured from Purple that the chemical powder that covers their products is 'food grade' and 'non-toxic'. But, as one of our core beliefs at Honest Reviews revolves around a single question, 'Does this benefit the consumer'?

In case you missed it – Having seen more interviews, more product review videos, and now the first shipments of Purple Pillows (that all show this powder) we continued to investigate what exactly is this mysterious powder. The information is not readily accessible in the FAQ section of the website. The product pillow images on the website also do not show the powder on the product. Since Purple elected not to respond via email or social networks – we tried the most direct route to receive an answer by simply calling and asking.



As you can clearly see there is a tremendous amount of powder coating the internal 'Hyper-Flastic Polymer'.



















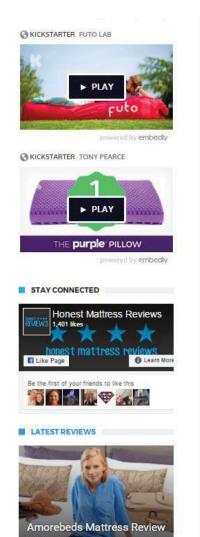
In last week's article, we asked these four simple questions;

- 1. What is this white powder?
- 2. Is it safe?
- 3. Is it safe to touch your skin?
- 4. Is it safe to inhale?

As for question one ... Purple's staff, Goldilocks and Big Foot are all tight-lipped when it comes to what this material is specifically. Just short of saying it's non-toxic and food grade they remain behind a wall of secrecy.

### Construction

Is it safe? Sounds like a silly question to ask when talking about a product that's sold tens of thousands of mattresses / pillows. But, after spending some time to investigate what Purple's materials consist of ... this is what we found.



Let's start with the mattress components;

### Top Layer = The top is the 'hyper-elastic polymer' comfort grid.

Understanding the makeup of this layer involves understanding what's used in this 'hyper-elastic polymer'.

Hyper-Elastic Polymer is a fancy marketing term trademarked by EDIZONE, LLC. What does it really mean? "Plasticized elastomeric gel material sold as an integral component of cushioned products, namely, seat cushions and mattress toppers." Click here to see the full trademark information.

Plasticized = Treat or make with plastic.

Elastomeric = An elastic substance occurring naturally, or produced synthetically.

Gel Material = A gel is a solid jelly-like material that can have properties ranging from soft and weak to hard and tough.

Basic explanation = Purple's top layer is synthetically produced plastic in a gel consistency.

One major key that isn't included or very easily found via Purple's documentation is that they <u>do not utilize new materials to make this plastic layer</u>. Rather, they use recycled manufactured products.

### Bottom Two Layer = Premium high-density conventional (not memory) foams.

Many times in the construction of mattress you will see terminology describing the middle and bottom layer as 'premium high-density' foam. This is a well-branded way to describe what is simply 'base foam'. Its sole purpose is to provide support to the top layers and to distribute your natural body weight. You will find base foam in just about every foam mattress on the market today. High-Density base foams are considerably cheaper than memory foam, gel memory foam or latex materials. Base foam is rated based on the density of the foam used. The heavier the mass the great support one would receive.

So we can conclude the Purple Mattress' construction includes a top plastic layer in a grid shape with two high-density foam support layers below. Aside from the plastic being made from recycled products, it seems to check out as safe. But, they are neglecting to disclose one major component – a mysterious white powder that coats the entire top grid layer (also used heavily in the Purple Pillow).

Purple continues to refuse to disclose the true chemical makeup, thus, predisposing consumers to powder without prior warning.

They've told us multiple times it's either "FDA approved food-grade" or "Food-Contact Grade."



GhostRed Mattress Review

Initially, we were relieved by the security that the FDA approved the use of this substance that Purple refuses to disclose. This relief was short lived once we read the definition of 'FDA approved'.

#### Determining the Regulatory Status of a Food Ingredient

Any substance that is reasonably expected to become a component of food is a food additive that is subject to premarket approval by FDA, unless the substance is generally recognized as safe (GRAS) among experts qualified by scientific training and experience to evaluate its safety under the conditions of its intended use. Click here to read more.

The definition from the FDA is rather straight forward. Any substance that is recognized as safe among experts qualified by scientific training and experience to evaluate its safety under the conditions of its intended use. We draw your attention to those last two key words ... <a href="intended-use">intended</a> use.

This substance may be approved safe to use in small quantities after having been tested by scientific professionals. That same substance that's intended to be consumed via tablet form in small controlled doses may have very different outcomes regarding the effect on a human body or while inhaled for eight plus hours a night while you sleep.

Multiple the hours you sleep, by the number of years you own the Purple mattress, and now we ask ... is that the same intended use that the FDA initially approved this substance?

### Does Purple have scientific proof from multiple third party sources confirming through comprehensive testing that this substance is safe to lay on and inhale nightly for years?

We certainly could not find any tests to support that position. If they (Purple) do, we'd love to publish those results right here for all consumers to see in their entirety, ensuring they are in complete safety being subjected daily to this substance. While also warning any individuals with pre-existing respiratory health conditions.

On the contrary, if they do not have scientific proof from multiple credible sources that confirms the use long-term use of this substance with Purple's intended use, (to reduce the sticking of the plastic grids) as safe for long-term contact and inhalation – then we feel they are recklessly predisposing consumers to an untested substance that could directly impact one's short or long-term health. When we asked hyper-specifically this question we found the same answer, 'It's food-grade material'.

The second part of their statement 'Food-Contact Grade' makes us even more concerned for the overall health and wellbeing of consumers.

What are Food-Contact Grade Materials?

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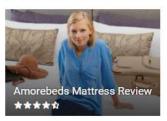


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### STAY CONNECTED



### LATEST REVIEWS





Food contact materials are materials that are intended to be in contact with food. These can be things that are quite obvious like a glass, a can for soft drinks, but also machinery in a food factory or a coffee machine. Food contact materials can be constructed from a variety of materials like plastics, rubber, paper, coatings, metal etc. In many cases a combination is used; for example a carton box for juices can include (from the inside to the outside): plastic layer, aluminium, paper, printing and top coating. During the contact of the food contact materials with the food, molecules can migrate from the food contact material to the food. Because of this, in many countries regulations are made to ensure food safety.

In this instance we know it's safe to touch a plastic mustard container or a glass coke bottle.

But, the applications of those food-contact materials are not ground down into a small microscopic powder and inhaled for eight to ten hours a night over the course of the mattresses lifespan.

Powered, even powered sugar or cinnamon can cause irritation of the lung after inhalation. "Natural" or "FDA approved" is not always safe. Just because cinnamon is a naturally-occurring spice — it's harvested from the dried bark of several Cinnamonum tree species — doesn't mean it can't be harmful. Cinnamon is deemed safe for consumption as a food additive under the U.S. Food and Drug Administration's classification of Generally Recognized As Safe, or GRAS, list. But the FDA is silent on spice inhalation.



Should a person elect to consume a teaspoon of cinnamon based on the knowledge of what this will physically do to one's body, the fault resides on the individual. The ingestion of the (cinnamon) powder invariably stimulates the gag reflex followed by inhalation of the powder that's stuck inside the mouth and throat. The pain then causes rapid exhalation characterized by "dragon breath" upon blowing the powder out. Over 200 different reported cases by the U.S. Poison control this year alone.

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### ■ LATEST REVIEWS







Inversely, Purple's prior and current business practices involve deliberately choosing not to inform consumers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

When you look on Purple's website, their high-resolution product images do not show the final product they are shipping. We believe this is a deceptive business practice that could potential irritate or even impact they health of tens of thousands of unknowing consumers.

In a consumer safe perfect world, Purple would willing disclose the substance, include it on their law tag and have a warning to consumers before the point of purchase.

NOTE: We would still LOVE to talk to Alex or any other team members at Purple. Simply email hello@honestmattressreviews.com and your content will be published, unedited in the format submitted. Your content will then be syndicated via our website and social media channels. Please be aware, to provide complete transparency, everything you submit will be published. Should you provide additional information we would be more than happy to update this article.

Click here to shop Purple Products

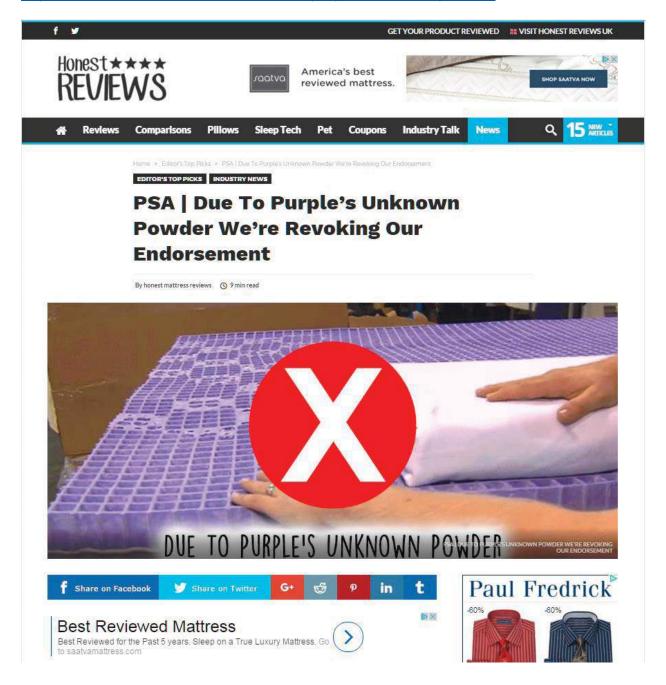
# PLAY PLAY PUTO POWERED BY EMBEDING RICKSTARTER TONY PEARCE THE PUTPLE PILLOW

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# **Exhibit E**

https://www.honestmattressreviews.com/purples-unknown-powder/



Our core beliefs at Honest Reviews revolve around one core question, "Does this benefit the consumer?" As we prior published our concern for an unknown substance Purple continues to coat their products in without consumer warning.

Purple's previous and current business practices involve deliberately choosing not to inform customers of the powders existence in the first place. When pressed by customers with respiratory conditions such as Asthma, Purple remains secure in their position not to disclose the contents that consumers are subjected to.

We've reached out to Purple on via multiple communications platforms, and yet they continue to ignore the potential seriousness of inhalation of this powder.

#### **Reference Articles**

Take A Tour Through Purple's Mattress Factory In Utah

| What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder



We have stated clearly in the past that Purple offers close to, if not, the best comical infomercial style viral videos. They've already done a tremendous job creating mattress tests to sell consumers on the one track narrative.

Competition and commerce drive innovation. But, as some companies become red hot they tend to run fast and figure out problems later. It's clear the unknown white powder used is there to help with the plastic grid walls as they stick together.



DID YOU SEE THIS?



< >





Success and rapid growth is no excuse for potentially subjecting consumers to a powder that could impair or even impact their physical health.

Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

Once Purple publishes supporting documentation for consumers about the safety of this substance used in the context in which they use it, we will reinstate our recommendation. As a consumer, you have the right and responsibility to research your mattress before you complete your purchase. We're not saying that you should not buy a Purple Mattress. What we are clearly saying is that until consumers are properly informed of this substance we are revoking our recommendation.

NOTE: We would still LOVE to talk to Alex or any other team members at Purple. Simply email hello@honestmattressreviews.com and your content will be published, unedited in the format submitted. Your content will then be syndicated via our website and social media channels. Please be aware, to provide complete transparency, everything you submit will be published. Should you provide additional information we would be more than happy to update this article.



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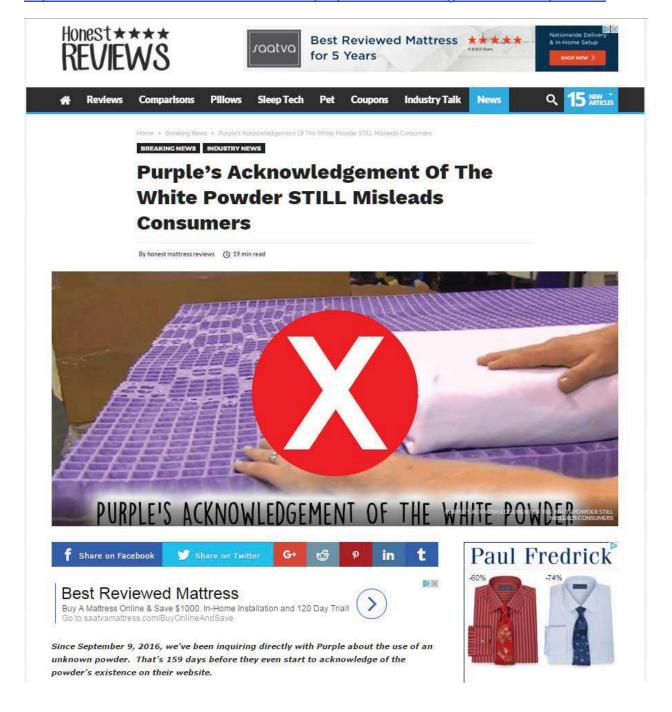


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# **Exhibit F**

https://www.honestmattressreviews.com/purples-acknowledgement-white-powder/



In the introduction of their public response for the first time, they start by touting rapid growth and success (see here). We've been a huge fan of Purple's innovative and disruptive marketing approach. We also backed and supported their record Kickstarter campaign. **Need proof?** Look at all of these posts.

Honest Reviews Coverage Of Purple

#### If this Powder is completely brand new to you here are some reference articles

What Exactly Is That White Powder On Purple's Mattress?

A Deeper Investigation Into Purple Mattress & Pillows White Powder

PSA - Due To Purple's Unknown Powder We're Revoking Our Endorsement

# | When a company, regardless of size, elects to sell consumer products they willingly enter into a social responsibility commitment with their customers.

Thus, every business innately inherits the highest level of accountability regarding consumer safety.

Although we completely disagree with your secretive approach to consumer safety, hiding behind "propriety powder," we do directly pose this question to you – What is stopping you (Purple) from conducting and releasing independent accredited laboratory tests that prove this is safe under the use case of coating Purple mattresses and pillows? Thus, protecting your secret "Plastic" while simultaneously ensuring consumer safety.

## | What is stopping you (Purple) from conducting and releasing independent accredited laboratory tests that prove this is safe under the use case of coating Purple mattresses and pillows?

In your published statement to the public, although comically written, clearly shows your position remains that consumer safety should *rely solely on your written word*.

Everything we do here at Purple centers on our customers. We want everyone's life to be made better by this one-of-a-kind technology. We encourage a healthy and happy lifestyle through our products. Simply said, we ultimately want you feel better and we believe Purple can help.



DID YOU SEE THIS?



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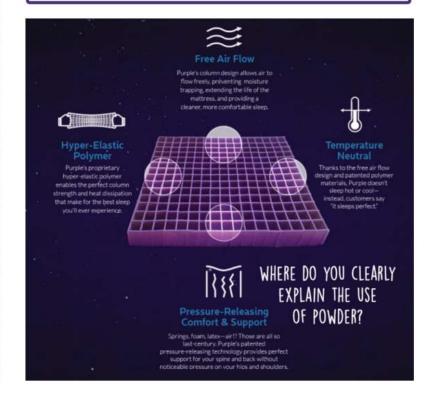


## It took 159 days of inquiry for you to acknowledge it; please forgive us if we're not willing to take you at your trusted word.

Your track record continues to show a reactive transparency approach. You only began to acknowledge customers if they contact *you* (*in regards to the powder*). To date, you still do not include this information directly on your product information page (see screenshot below). You claim, "Everything we do here at Purple centers on our customers" when will you be honest and upfront about the use of this in a microscopic powder form that could be inhaled? Don't customers have a right to be informed?

We have machinery that rolls the mattress up and puts it into the shipping packaging—that giant Purple burrito that has become synonymous with comfort. However, due to the nature of our Hyper-Elastic Polymer™, we knew without some sort of ultra-light coating it would stick to itself once under the pressure of the rolling machinery. This is where our non-toxic plastic powder comes in!

We now lightly coat our Purple® mattress and pillow that go through a tight-compression process to enable door-to-door shipping with our non-toxic plastic powder to prevent the Hyper-Elastic Polymer™ from sticking to itself.





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MICKSTARTER TONY PEARCE



THE purple PILLOW

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We understand that when a product experiences an unforeseen problem that adjustments might have to be made. Consumers understand and also seek a solution.

#### Here's where the issue arises.

Since you're not willing to educate and pre-disclose (at the point of sale);

- a) the existence
- b) what it is or
- c) that's it's proven safe

How do we, the consumer know what you're coating all over your products today are the same as what you coated products in last week, last month or during your "product solution testing?"

Consumers are not guinea pigs. It's the responsibility of the company to conduct all of these product safety tests before shipping product and clearly disclosing the results to inquiring

#### Science is rooted in truth and proven fact.

For a company that claims to be Super Sciencey, you continue to neglect a few very scientific components (such as material disclosure), that you clearly don't see as important per your comical response.

#### Purple: So Sciencey It'll Put You To Sleep - YouTube



https://www.youtube.com/watch?v=qCuP6frAqpA Feb 4, 2016 - Uploaded by Purple See just how Purple's hyper-elastic polymer will give you the best nights sleep you have ever had! Purple ..

You also seek sympathy in 'protecting 600 jobs' and in your 'trade secrets' which provides you some form of shielding from disclosure.

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

But, your processes is patented and protected. If it wasn't already protected intelliBED wouldn't have to have this disclosure on the footer of their website. After all, they use the same technology or process, right? It says it's licensed to a company owned by Tony Pierce.



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#### KICKSTARTER TONY PEARCE

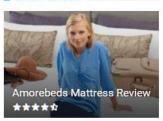


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#### ■ LATEST REVIEWS





Novosbed Mattress Review



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Purple's Footer, "Protected by one or more of U.S. Patents 5,749,111; 6,026,527; 7,076,822; 7,730,566; 7,823,233; 7,827,636; 7,964,664; 8,607,387, and 9,051,169, with others pending. Purple and all product names comprising Purple, Hyper-Elastic Polymer, and No Pressure are trademarks of EdiZONE, LLC of Alpine, Utah USA."

Protected by one or more of U.S. Relatina S.N.9311, 82095507, 7076802, 7792560, 78232332, 78276206, 79596064, 6507307 and 60051308 with others pending Purple and all product names comprising Purple hyper-Elastic Religions and No.

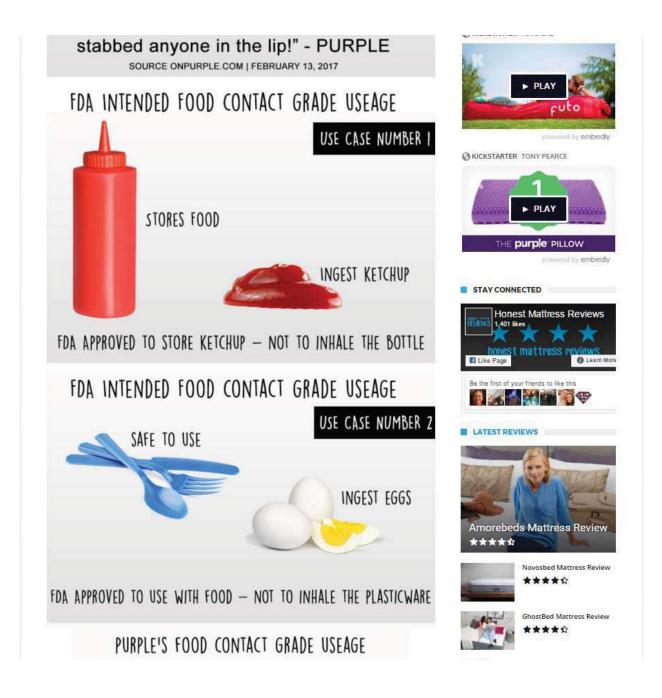
| Purple's publication is proof of how naive they truly believe American Consumers are. To say, it's safe because it comes from the same family of plastic forks, neglecting the fact that in Purple's use case (coating mattresses and pillows) it could be inhaled directly into your lungs, is downright insulting.

"It is a food-contact-grade material, meaning that this family of plastic materials can be used for eating utensils, children's toys, etc.

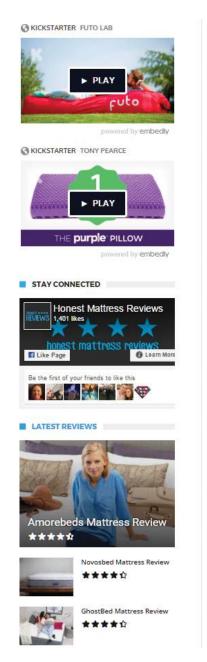
You can **think** of it being as **safe** as **eating with** a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever



GhostBed Mattress Review









PURPLE HAS TAKEN THE DEFINITIVE POSITION THAT COVERING THEIR MATTRESS AND PILLOW IN THIS PLASTIC POWDER THAT'S INHALED NIGHTLY FOR THE DURATION OF THEIR PRODUCT'S LIFECYCLE IS THE EQUIVALENT OF EATING WITH A PLASTIC FORK.

YES, IT'S SAFE TO EAT WITH A PLASTIC FORK. PURPLE CONSUMERS AREN'T FATING IN BED — THEIR INHALING THE MATTRESS.

PLEASE DISCLOSE THE SCIENTIFIC PROOF THAT INHALING THAT PLASTIC WILL NOT INDUCE ANY LUNG OR RESPIRATORY IRRITATION.

ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

ADDITIONALLY, PLEASE SHARE ACCREDITED THIRD PARTY STUDIES THAT SHOW SCIENTIFIC EVIDENCE SUPPORTING YOUR POSITION IN A MULTI—YEAR TEST WITH EIGHT HOURS USE PER NIGHT. ONCE WE RECEIVE THIS PROOF WE WILL UPDATE OUR REVIEW IMMEDIATELY.

Your blanket statement quoted above is like saying "Gas is safe in a car, so inhaling gasoline must also be safe." Obviously, you're not using gasoline – but – it's an example that a different use cases a product, chemical or substance can have very different effects.

#### Intended Use is the issue at hand.

Merely acknowledging existence (only after constant questioning) is not putting consumer safety first – in our opinion. Which is a direct contradiction of your published response (again, see here).

Everything we do here at Purple centers on our customers. We want everyone's life to be made better by this one-of-a-kind technology. We encourage a healthy and happy lifestyle through our products. Simply said, we ultimately want you feel better and we believe Purple can help.



# In our humble opinion, your response is a meek attempt to provide a comical answer in hopes customers will stop the flow of powder inquiries.

5. You can think of it being as safe as eating with a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever stabbed anyone in the lip!

With the utmost respect, we ask, when will you release your completed due diligence ensuring the product we consumers are buying is safe to inhale?

## You did raise one point in your response that we did not initially think to question.

Your 600 employees who are in direct contact with this substance don't appear to have protected masks to shield their inhalation. If a factory worker's shift is eight hours, then sleeps eight hours on a Purple mattress; what are the effects of 16 hours a day exposure? Do you provide training and education to your employees who are on the floor manufacturing these products? Do you provide gloves and mask to every employee?





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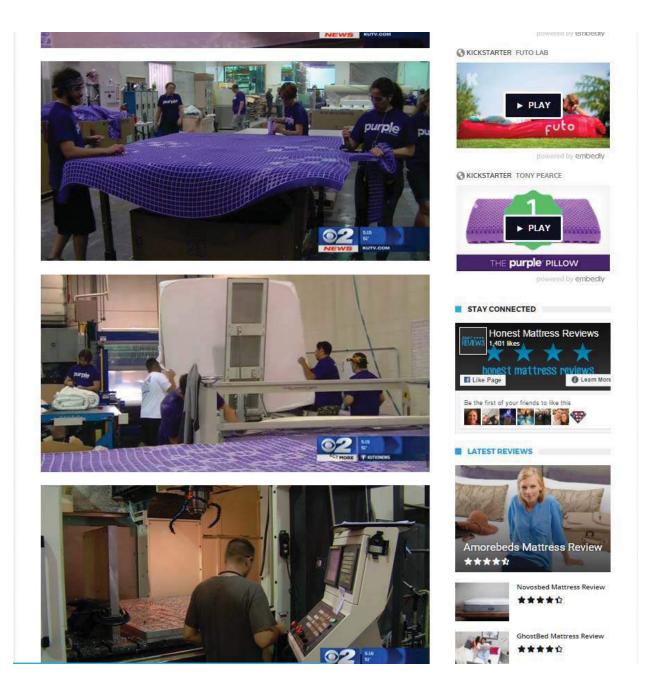


Novosbed Mattress Review



GhostBed Mattress Review

★★★☆☆





Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

With that, we regret to inform you that until Purple Mattress discloses to consumers that they will be subjected to and directly inhaling a white powder substance that could be damaging to those with respiratory issues we're going to revoke our endorsement of this mattress. We value consumer knowledge and safety far greater to our organization that funny videos and made up tests.

Once Purple publishes supporting documentation for consumers about the safety of this substance used in the context in which they use it, we will reinstate our recommendation. As a consumer, you have the right and responsibility to research your mattress before you complete your purchase. We're not saying that you should not buy a Purple Mattress. What we are clearly saying is that until consumers are properly informed of this substance we are revoking our recommendation.

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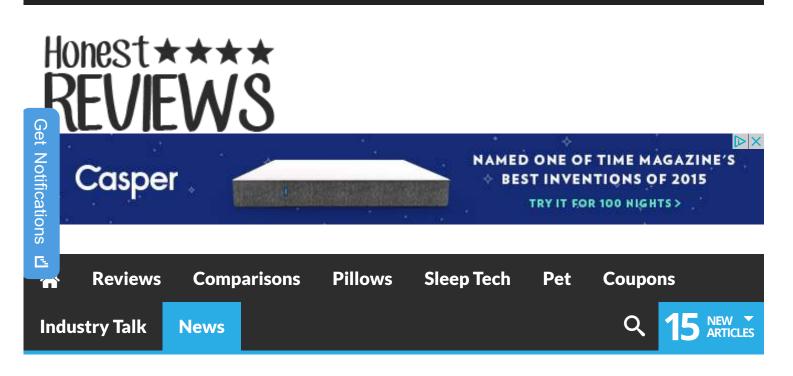
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# **Exhibit G**





Home » Breaking News » Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety?

BREAKING NEWS INDUSTRY NEWS

# Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety?

By honest mattress reviews

(1) 12 min read







A doctor is required to take the Hippocratic Oath before officially becoming a doctor. Reviewers possess a unique, influential power that if misused could unintentionally (or intentionally) steer a consumer into the wrong decision.

In this oath doctors truly commit to the mindset, "First do no harm."

Followed by humility, "I will not be ashamed to say "I know not."



Finally, orally confirming, "Neither will I administer a poison to anybody when asked to do so, nor will I suggest such a course."

Now, it's true the responsibility of a physician is far greater than that of a reviewer.

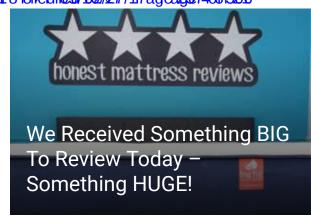
But as more consumers turn to the

internet for honest, unbiased opinions the importance of a **Reviewer**Integrity Oath should now be the leading emerging topic amongst reviewers. We've taken it upon ourselves to draft the first version of a **Reviewer Integrity**Oath. We will publish this seeking the input of other top reviewers as this will be a collaborative effort to create a fair, truthful and sincere review

Do Mattress Reviewers Have A Responsibility To Acknowledge Consumer Safety? We certainly believe so!

general guidelines.

About the Mattress Review Space, we at Honest Mattress Reviews believe truly there is a mattress for everyone. So it's not about which is the best-rated mattress on the internet.









**ACTIVE KICKSTARTER PROJECTS** 

| Rather, our mission at Honest Mattress Reviews is to help you identify on an individual basis which mattress will best suit your needs and exceed your personal comfort expectations.

In recent days we've published research information regarding Purple's use of "Plastic" powder.

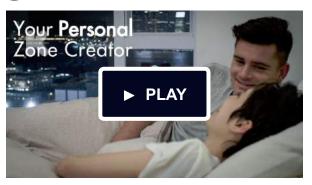
Reviewers behavior and actions will stand as the precedent for consumer interests moving forward. We have a long history of publishing a lot of content about Purple and their amazing videos and we truly look forward to publishing documentation that addresses consumer concerns so we can again promote the Purple Mattress.

As more companies enter the direct to consumer mattress space its the responsibility of each individual company to ensure the products they ship are completely safe.

We also believe it's the responsibility of mattress reviewers to question, research, conduct tests, and ultimately advise your audience based on the best available knowledge.

As each of these mattress reviewers has longstanding





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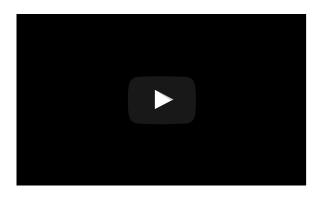


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credibility within this industry as subject matter experts we pose this question to the industry's top reviewers.

| What is your position on Purple's use of a plastic powder without any clear and concise evidence this is safe under these conditions?

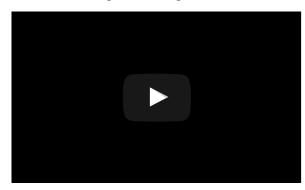
#### **Mattress Insiders**



#### Copyright Mattress Insiders



### The Sleep Sherpa



Copyright The Sleep Sherpa

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#### **LATEST REVIEWS**





Novosbed Mattress Review

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GhostBed Mattress Review

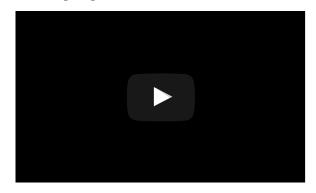
★★★☆







## **Sleepopolis**



Copyright Sleepopolis





Update – yesterday we published to Purple, "With the utmost respect, we ask, when will you release your completed due diligence ensuring the product we consumers are buying is safe to inhale? As of this publication, they have yet to respond to us at all. We will keep you posted if we hear an answer to this inquiry.

Honest Mattress Reviews does not have any affiliate commission sales relationships with mattress companies. This is by design to ensure that our focus is on the consumer, not direct commissions for ourselves. We believe that long-term integrity is more valuable than short-term monetary gain.

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# If this Powder is completely brand new to you here are some reference articles

| What Exactly Is That White Powder On Purple's Mattress?

| A Deeper Investigation Into Purple Mattress & Pillows White Powder

| PSA - Due To Purple's Unknown Powder We're Revoking Our Endorsement

| Purple's Acknowledgement Of The White Powder STILL Misleads

#### **Consumers**

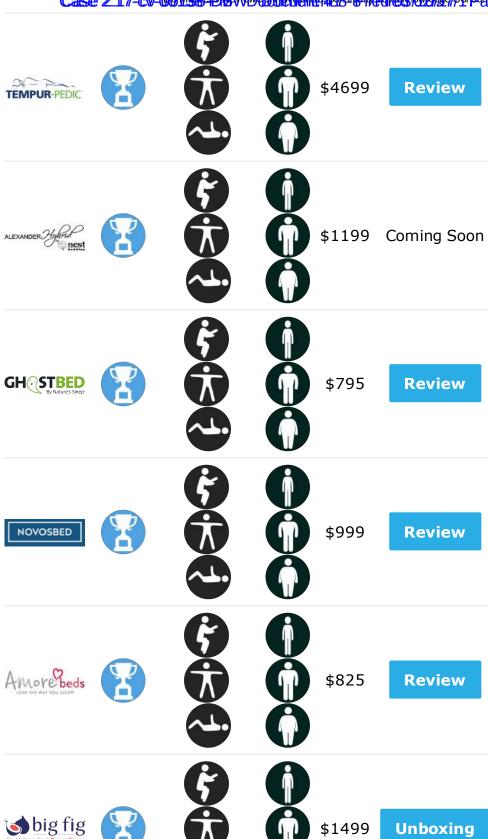
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Click here to shop Purple

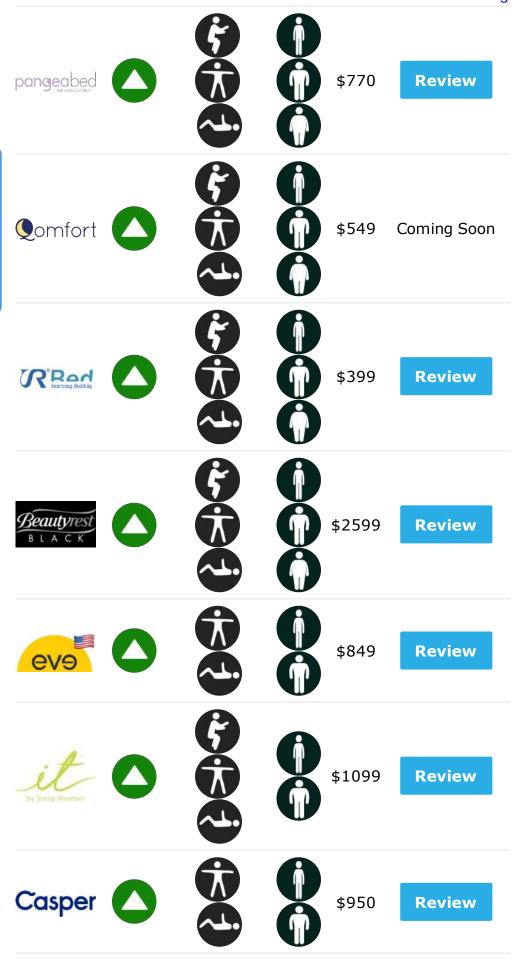


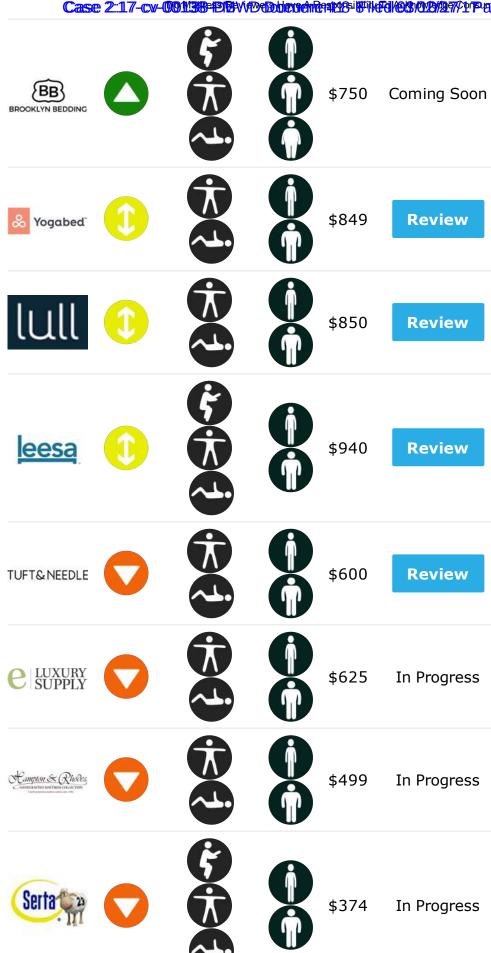


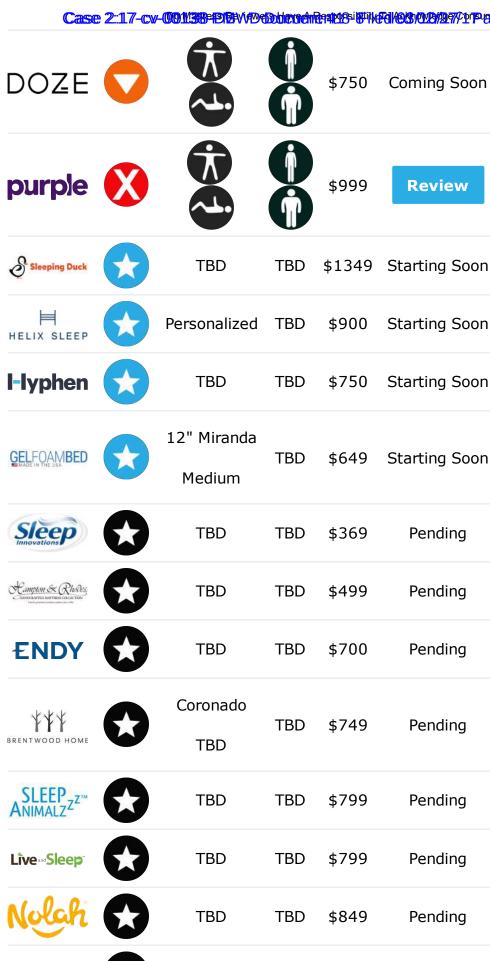
# MATTRESS COMPARISON REVIEWS COMPANY RATING POSITION TYPE SIZE REVIEW











**TBD** 

**TBD** 

\$849

Pending

zotto	TBD	TBD	\$875	Pending
SOATVO LUXURY MATTRESS	<b>★</b> TBD	TBD	\$999	Pending
DREAM®	TBD	TBD	\$999	Pending
loom & leaf	TBD	TBD	\$1099	Pending
AVOCADO	<b>₹</b> TBD	TBD	\$1399	Pending
Sapira	<b>₹</b> TBD	TBD	\$1475	Pending
the <b>naked</b> mattress	TBD	TBD	\$1500	Pending
intellisto	Gel Elite TBD	TBD	\$2499	Pending
Hampton & Rhodes,	Lux Estate  Gallium TBD	TBD	\$2519	Pending
nature's leep	Emerald Gel	TBD	\$2800	Pending
<b>U</b> LEGENDSLEEP	The Geneva	TBD	\$3300	Pending
<b>X</b> Reverie	Dream Supreme II TBD	TBD	\$3499	Pending





**DUX 8008** 

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#### **Media Outreach**





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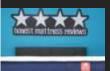
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The RiteBed Arrives As A New Player In The Online Mattress Space



Mattress Firm Hires Sicily Dickenson As New CMO

### HONEST MATTRESS REVIEWS

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Platform?

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GhostBed Mattress Review



Leesa Mattress Review



Tuft & Needle Mattress Review

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<u>G</u>

## REVIEWS

**ABOUT US** 

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Honest Mattress Reviews provides genuine reviews of mattresses, pillows and sleep technology.





Most mattress review websites receive affiliate payments in exchange for driving traffic and providing bias reviews.

Our website receives zero affiliate commissions.

t Your Product Reviewed Contact Our Team Contribute Honest Reviews Company

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# **Exhibit H**

### purple<sup>a</sup>

PRODUCTS ~

IEWS BLO

ABOUT ~

### THE BLOG

### All About Our Non-Toxic Plastic Powder

February 13, 2017 | Author: Madi Kelly

When Purple launched in January of 2016 we had fewer than 50 employees. Now, a year later, we are approaching 600 employees. To say we are growing quickly is quite literally the understatement of the year.

Pretty cool, right? We think so too! Though, this amazing growth hasn't come without some growing pains.

Being a part of the Purple family is an incredible, educational, and challenging experience. Emphasis on challenging! Honestly, some days we feel like we are trying to solve a Rubik's Cube...with our toes...while blindfolded.

This is why we have to rely on each other for input and information. We LOVE questions here at Purple! So, when we were asked, "What exactly is this powder you place on your Purple material? Is it safe?" we were excited to explain further.



Our Hyper-Elastic Polymer<sup>™</sup> and our non-toxic plastic powder is what we call our secret sauce. It makes Purple..well, Purple! So let's break this down.

Hyper-Elastic Polymer<sup>™</sup>—or as we like to call it, Purple—is the material we use to build the most supportive and comfortable mattress on the face of the planet. Once the mattress is built we roll it up nice and tight and ship it with love right to your doorstep.

We have machinery that rolls the mattress up and puts it into the shipping packaging—that giant Purple burrito that has become synonymous with comfort. However, due to the nature of our Hyper-Elastic Polymer<sup>TM</sup>, we knew without some sort of ultra-light coating it would stick to itself once under the pressure of the rolling machinery. This is where our non-toxic plastic powder comes in!

We now lightly coat our Purple® mattress and pillow that go through a tight-compression process to enable door-to-door shipping with our non-toxic plastic powder to prevent the Hyper-Elastic Polymer™ from sticking to itself.



Here are the details about the inert non-toxic plastic powder that we invented to solve our packaging conundrum:

- 1. It is NOT a talc powder. Talc is a mineral and our plastic powder contains no talc whatsoever, or any mineral for that matter.
- 2. It is chemically inactive, AKA an inert substance.
- 3. It is a food-contact-grade material, meaning that this family of plastic materials can be used for eating utensils, children's toys, etc.
- 4. It is 100% non-toxic and is completely harmless.
- 5. You can think of it being as safe as eating with a plastic fork, so you can rest easy on our bed! In fact, it may be even safer—no Purple product ever stabbed anyone in the lip!

Our scientists didn't just solve the problem, they found a safe option in doing so and have applied for a patent. Until the patent is issued, Purple is keeping the exact type of plastic a "trade secret," which helps protect the jobs of those 600 people from competitors who would love to figure out how to do what Purple does. But know that it is a very common type of plastic used in many human-touch products, even in products for children.

Everything we do here at Purple centers on our customers. We want everyone's life to be made better by this one-of-a-kind technology. We encourage a healthy and happy lifestyle through our products. Simply said, we ultimately want you to feel better and we believe Purple can help.

If you have any other questions regarding this subject, please feel free to contact our Customer Delight team!

Email: info@onpurple.com Phone: 844-642-5613

#### Let's be Bed Buddies:











#### **Get Purple Email**

Sign up for notifications on product launches, new video releases, and our awesome Purple newsletter!

First Name	Last Name
Email Address	
SUBMIT	



66



I am now a mattress snob! The Purple bed has changed my way of sleeping. After a few nights of sleep on the Purple, I realized that for my entire life I had tricked myself into believing that a sore back was "normal" after a nights rest. Now, I am waking up feeling energized without the nagging back ache. I absolutely LOVE this mattress and tell anyone and everyone about my new boyfriend, my bed :).

Alexandra D.





#### No Sales Pressure

Buy online - no haggling or hassling with salespeople, no huge retail markups.



#### No Pressure to Try

Sleep on your new mattress for 100 nights - if you don't love it, we'll take it back!



#### No Sleep Pressure

The only mattress with no pressure points - giving you the best sleep of your life.

**TERMS** CONTACT













Protected by one or more of U.S. Patents 5,749,111; 6,026,527; 7,076,822; 7,730,566; 7,823,233; 7,827,636; 7,964,664; 8,607,387, and 9,051,169, with others pending. Purple and all product names comprising Purple, Hyper-Elastic Polymer, and No Pressure are trademarks of EdiZONE, LLC of Alpine, Utah USA.

# **Exhibit I**

### Electronic Articles of Organization For Florida Limited Liability Company

L16000186880 FILED 8:00 AM October 10, 2016 Sec. Of State kpcardwell

#### Article I

The name of the Limited Liability Company is:

HONEST REVIEWS LLC

#### **Article II**

The street address of the principal office of the Limited Liability Company is:

900 N. FEDERAL HWY SUITE 220 BOCA RATON, FL. 33432

The mailing address of the Limited Liability Company is:

900 N. FEDERAL HWY SUITE 220 BOCA RATON, FL. 33432

#### **Article III**

Other provisions, if any:

EDITORIAL WEBSITE

#### **Article IV**

The name and Florida street address of the registered agent is:

RYAN MONAHAN 900 N. FEDERAL HWY SUITE 220 BOCA RATON, FL. 33432

Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Registered Agent Signature: RYAN MONAHAN

#### Article V

The name and address of person(s) authorized to manage LLC:

Title: AP RYAN MONAHAN 900 N. FEDERAL HWY SUITE 220 BOCA RATON, FL. 33432 US L16000186880 FILED 8:00 AM October 10, 2016 Sec. Of State kpcardwell

#### Article VI

The effective date for this Limited Liability Company shall be:

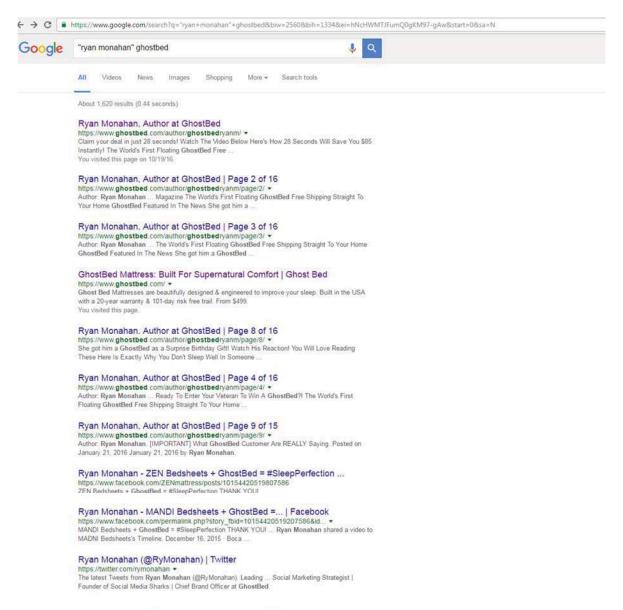
10/10/2016

Signature of member or an authorized representative

Electronic Signature: RYAN MONAHAN

I am the member or authorized representative submitting these Articles of Organization and affirm that the facts stated herein are true. I am aware that false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S. I understand the requirement to file an annual report between January 1st and May 1st in the calendar year following formation of the LLC and every year thereafter to maintain "active" status.

# **Exhibit J**





## **Exhibit K**

#### Case 2::17-cv-00138-PB/WDoDorceme418-Ei2edF06/10/2/27/23geP266-2f302



#### Author: Ryan Monahan



#### **GhostPillow Columbus Day Sale**

Caim your deal in Just 28 seconds! Match The Woleo Below Here's How 28 Seconds Mill Save You 585 Instantly The World's East Floating Ghootded Free Shipping Straight To Your Home GhostBed Featured in The News She got him a GhostBed as a Surprise Birthday Giff! Watch His Reaction?



#### GhostBed's Parent Company Makes Huge Donation To Veterans

Choudled's CEO and Founder, Marc Wenner, has been on a mission to help as many veterans as possible over his long career. Initially founding Multure's Seep in 2001 as a high-end manufacturer of memory floam multineous, pillows and foundations. When he planned to make chestilled, the direct for consumer, high quality laws cold multines he didn't Surpet...

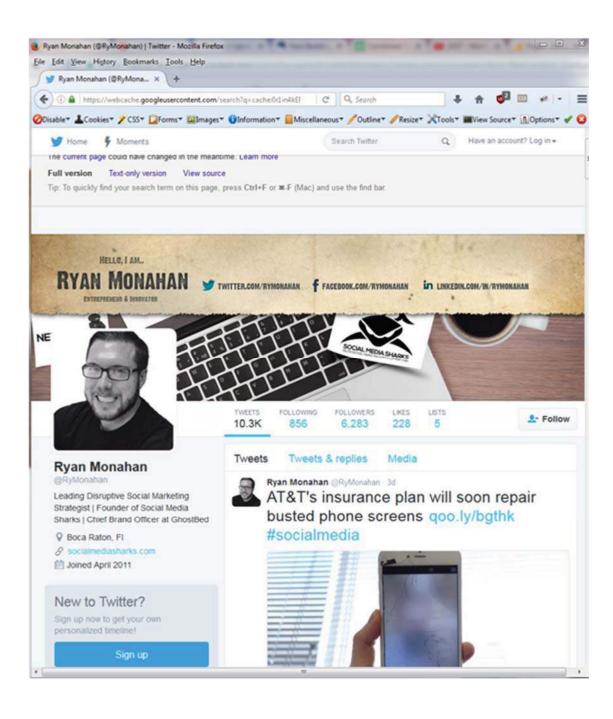


Tragedy Struck Heilyn – A GhostBed Team Member | Can You Help?





## **Exhibit L**



# **Exhibit M**



### Ryan Monahan

@RyMonahan

Leading Disruptive Social Marketing Strategist | Founder of Social Media Sharks

- Poca Raton, FI
- Joined April 2011

2,507 Photos and videos









Pinned Tweet



Once you start asking public investors for 30x earnings, the tolerance for mistakes, misadventures and learning on the job goes down.

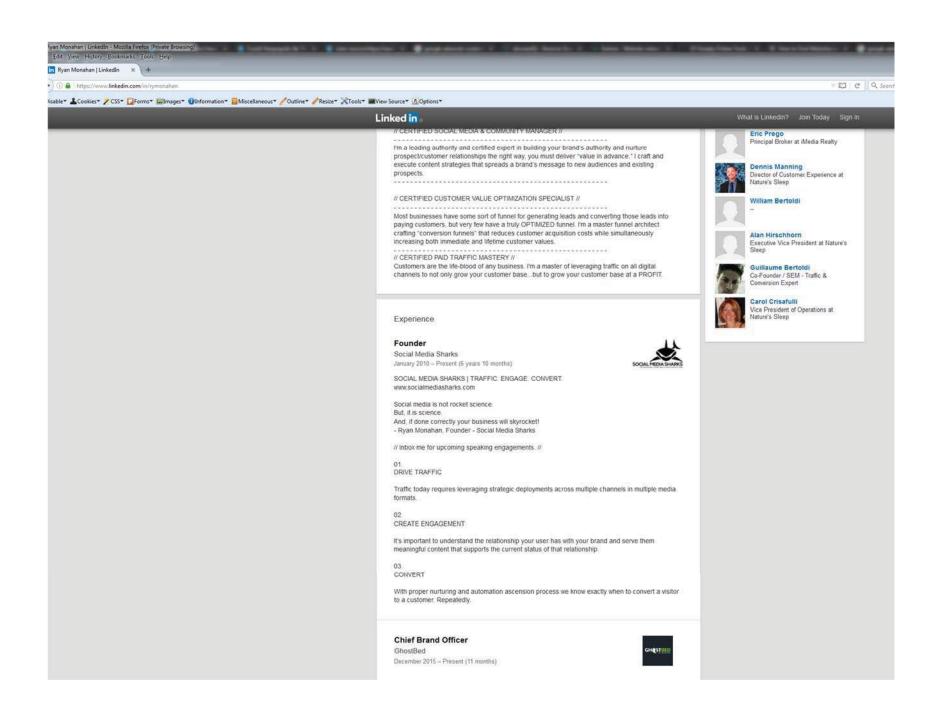
47



Ryan Monahan @RyMonahan · 2m

Sony's new Xperia Ear lets in sounds from the outside world goo ly/dysga

# **Exhibit N**



# **Exhibit O**

#### **Customer Review**

2 of 10 people found the following review helpful

No support, noisy, and a weird white powder on the purple part, May 19, 2016

By Cami J.

This review is from: The Purple Bed Queen

I did not purchase the bed so I can't comment on the ordering or delivery, but my in-laws got one and I slept on it for a few nights. I thought memory foam mattresses are not supposed to transfer motion, but this mattress was actually noisy when my partner would move around. It makes like a squishy sound, like if you were to rub two rubber bouncy balls together and create a friction.

We took the cover off to inspect underneath and it appears to have a whitish powder all over it. Not sure it is supposed to? I'm not sure why this mattress would come with a powder on it, sort of makes me skeptical of this company and it doesn't seem like a good thing especially with how much bad press Johnson and Johnson is getting lately with all these people getting cancer from their powders. Not sure this is a baby powder but still, it's on my mind and highly concerning since we had our young son in the bed with us. For this reason alone I would say I can't recommend it -- I live my life around being clean, green and as organic as possible, any anyone would easily gather this from all of my reviews;)

Okay so the comfort -- weak. I felt like my neck and my shoulders were from two different bodies if that makes sense? Like I wasn't being fully supported as one body but rather being torn apart. Needless to say I spent a few days with awful aches and pains. My in-laws are still within their 100 days (not sure why they spent so much money on a guest room mattress) but I would recommend they return it and buy another Tempurperic instead

I think they were trying to be "hip" and "cool" with their new Purple mattress but they are better off being safe and smart

Help other customers find the most helpful reviews

Was this review helpful to you? Yes No

Report abuse Permalink

Add a comment

#### Comments

Track comments by e-mail

Showing 1-1 of 1 posts in this discussion

Sort: Oldest first | Newest first

Initial post: May 23, 2016 4:32:43 PM PDT

#### Kerrigan says:

This reviewer makes ill and inappropriate comments to anyone who posts negative reviews on Purple's competitor - Ghost Bed. She is related or is friends with the founders of Ghost Bed. This review is pure fallacy, and should not be taken seriously.

Reply to this post

Permalink | Report abuse | Ignore this customer
Do you think this post adds to the discussion? (Yes) No

James E. Magleby (7247)

magleby@mcgiplaw.com

Christine T. Greenwood (8187)

greenwood@mcgiplaw.com

Adam Alba (13128)

alba@mcgiplaw.com

MAGLEBY CATAXINOS & GREENWOOD 170 South Main Street, Suite 1100 Salt Lake City, Utah 84101-3605

Telephone: 801.359.9000 Facsimile: 801.359.9011

Attorneys for Purple Innovations, LLC

## IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

TEMPORARY RESTRAINING ORDER

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

Case No.: 2:17-cv-00138-PMW

Magistrate Judge Paul M. Warner

Based upon the Motion for Temporary Restraining Order filed by Plaintiff Purple Innovations, LLC ("Plaintiff" or "Purple"), against Defendants Honest Reviews, LLC, dba as or through <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> ("HMR"), Ryan Monahan ("Monahan"), and GhostBed, Inc. ("GhostBed") (collectively, "Defendants"), for good cause shown, and pursuant to Federal Rule of Civil Procedure 65, the Court orders as follows:

	1.	This Order was issued on	, 2017, at the hour
of	:	.m.	

- This Order shall remain in effect for 14 days following the entry of this
   Order, unless the Court for good cause extends the Order or Defendants otherwise
   consent to a longer extension.
- 3. Plaintiff has a substantial likelihood of prevailing on the merits of the claims for which injunctive relief is sought, and there are serious issues on the merits of those claims that merit further litigation, including Plaintiff's claims that Defendants have violated the Lanham Act, defamed Purple and its goods, and tortiously interfered with Purple's economic relations.
- 4. Unless an injunction issues, Plaintiff will suffer irreparable harm, including but not limited to permanent injury to its goodwill and reputation, its ability to do business, and/or a loss of business in an amount difficult or impossible to quantify in monetary amount.
- 5. Plaintiff is attempting or has attempted to provide Defendants with notice of the motion. Given the irreparable harm Plaintiff has suffered and will continue to suffer until an injunction is issued, further delay is unwarranted and notice is not required at this time.
  - 6. An injunction would not be adverse to the public interest.
- 7. The threatened injury to Plaintiff outweighs whatever damage an injunction could cause to Defendants.

- 8. Therefore, under Rule 65 of the Federal Rules of Civil Procedure and 15 U.S.C. § 1116(a), Plaintiff is entitled to a temporary restraining order.
  - 9. Defendants are hereby ORDERED as follows:
  - (a) Defendants shall immediately discontinue making any and all false and misleading statements with regard to Purple and its products or services, from the website entitled <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> and any other website or social media platform, including, without limitation, Facebook, Twitter, YouTube, and Instagram, in any medium or format;
  - (b) Defendants shall immediately remove all false and misleading statements regarding Purple and its products or services, including but not limited to the "Articles" and "PSA" specifically referenced in Purple's Complaint, from the <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> website, from all social media forums, including, without limitation, Facebook, Twitter, YouTube, and Instagram, and from any other online location where the statements are located;
  - (c) Defendants shall, within five days from the date of this Order, issue corrective advertising or statements on the <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> website and anywhere else the false and misleading statements have been posted to remedy the confusion and deception caused by the false and misleading statements with regard to Purple;
  - (d) Defendants shall, within five days from the date of this Order, issue corrective advertising or statements to correct any and all false and misleading statements regarding Monahan's association or former association with

GhostBed, and/or HMR's association, affiliation, or receipt of compensation in any form from GhostBed or any other competitor of Purple;

- (e) In accordance with 15 U.S.C. § 1116(a) Defendants shall, within thirty days from the date this Order is served upon them, file with the Court and serve upon Purple a report under oath setting forth in detail the manner and form in which Defendants have complied with the injunction; and
- (f) Defendants are hereby restrained from making false, misleading, or confusing posts or discussions on social media or otherwise about the existence of this lawsuit, the Court's temporary restraining order or other any other orders that may be issued by the Court, or about Purple's efforts in this lawsuit to restrain Defendants from continuing to engage in the conduct at issue, in an attempt to circumvent the purpose of the injunctive relief sought by Purple.
- 10. This Order binds and is enforceable against not only Defendants, but also Defendants' officers, agents, servants, employees, and attorneys, and any other persons who are in active concert or participation with Defendants and/or Defendants' officers, agents, servants, employees, and/or attorneys.

11. This Order is issued without bor	nd.
DATED this day of	, 2017.
	United States District Court

### UNITED STATES DISTRICT COURT

for the

District of Utah

PURPLE INNOVATIONS, LLC, A Delaware limited liability company	) ) )
Plaintiff(s)	
v.	) Civil Action No. 2:17-cv-138 PMW
HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, INC., a Delaware corporation,	) ) )
Defendant(s)	)
CANDAON	IN A CHAIN A CITION

#### SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) GhostBed, Inc.
7143 West Broward Blvd
Plantation, FL 33317

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: James E. Magleby, Christine T. Greenwood & Adam Alba

Magleby Cataxinos & Greenwood 170 South Main Street, Suite 1100 Salt Lake City, Utah 84101

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Date: 02/27/2017

Date: 02/27/2017

D. Mark Jones
CLERK OF COURT

Lichell Shapick

Signature of Cler

Signature of Clerk or Deputy Clerk

AO 440 (Rev. 06/12) Summons in a Civil Action (Page 2)

Civil Action No. 2:17-cv-138

#### PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (1))

was re	This summons for <i>(nanceived by me on (date)</i>	ne of individual and title, if any) .				
	☐ I personally served	the summons on the individual a	at (place)			
			on (date)	; or		
	☐ I left the summons at the individual's residence or usual place of abode with (name)					
		, a person	n of suitable age and discretion who res	sides there,		
	on (date), and mailed a copy to the individual's last known address; or					
	☐ I served the summons on (name of individual),					
	designated by law to accept service of process on behalf of (name of organization)					
			on (date)	; or		
	☐ I returned the summ	mons unexecuted because		; or		
	☐ Other (specify):					
	My fees are \$	for travel and \$	for services, for a total of \$	0.00		
	I declare under penalty	y of perjury that this information	is true.			
Date:						
			Server's signature			
			Printed name and title			
			Server's address			

Additional information regarding attempted service, etc:

James E. Magleby (7247)

magleby@mcgiplaw.com

Christine T. Greenwood (8187)

greenwood@mcgiplaw.com

Adam Alba (13128)

alba@mcgiplaw.com

MAGLEBY CATAXINOS & GREENWOOD

170 South Main Street, Suite 1100 Salt Lake City, Utah 84101-3605

Telephone: 801.359.9000 Facsimile: 801.359.9011

Attorneys for Purple Innovations, LLC

## IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

SUPPLEMENTAL MEMORANDUM IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER

AND

REQUEST FOR EX PARTE RELIEF

Case No.: 2:17-cv-00138-DB

**Honorable Dee Benson** 

Plaintiff Purple Innovations, LLC ("Plaintiff" or "Purple"), by and through its counsel of record Magleby Cataxinos & Greenwood, respectfully submits this Supplemental Memorandum in Support of its Motion for Temporary Restraining Order [Doc. No. 8].

#### **INTRODUCTION**

Just this morning, Purple discovered additional, critical facts supporting the immediate issuance of a temporary restraining order against Defendants Ryan Monahan ("Monahan"), Honest Reviews, LLC, dba <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> ("HMR"), and mattress company GhostBed, LLC ("GhostBed") (collectively, "Defendants"), one of Purple's primary competitors in the "bed-in-a-box" ("BIB") market.

In particular, contrary to the numerous proclamations of neutrality and the lack of any bias or affiliate relationship between HMR and any mattress company reviewed on the <a href="www.honestmattressreview.com">www.honestmattressreview.com</a> website (the "Blog"), and despite Monahan's efforts to scrub the internet of any evidence of his past relationship with GhostBed, Purple has confirmed that Monahan in fact maintains a current business relationship with GhostBed. Monahan – who is the CEO and primary architect of HMR and the Blog – is actually member of GhostBed's marketing department, and thus an employee or contractor of the company, and as such he necessarily has a monetary interest in the success of GhostBed, if he does not also receive direct compensation for GhostBed's favorable reviews on the Blog. In addition, Monahan maintains an office at GhostBed's headquarters, he can be reached by calling GhostBed's main telephone number, and the email address provided by GhostBed for Monahan is "marketing@ghostbed.com."

This new information shows that the repeated statements on the Blog to the effect that HMR's and Monahan's reviews are unbiased and neutral are unequivocally false and in violation of Section 43(a) of the Lanham Act and contrary to guidelines established by the Federal Trade Commission. In light of the continuing relationship

between Monahan and GhostBed, the statements of independence and objectivity on the Blog are false and seriously misleading, especially when considered in conjunction with the extremely favorable reviews of GhostBed (and the extremely negative reviews of Purple), which likewise are false and misleading to consumers. These statements are causing and threaten to cause irreparable harm to Purple, including diverted sales and dilution of Purple's goodwill in the marketplace.

Accordingly, Purple is highly likely to prevail on the merits of its Lanham Act false advertising claim. For these reasons, in addition to those set forth in Purple's Motion for Temporary Restraining Order ("TRO Motion"), Purple is entitled to the immediate entry of a temporary restraining order. In addition, Purple respectfully requests that the temporary restraining order be issued *ex parte* for the reasons set forth below.

#### STATEMENT OF ADDITIONAL FACTS

- 1. On February 28, 2017, at 10:43 EST, Tom E. Zoller ("Mr. Zoller") a licensed private investigator retained by counsel for Purple, placed a telephone call to GhostBed at the number displayed on GhostBed's website and social media pages as being the company's primary number. *See* Affidavit of Tom E. Zoller ("Zoller Aff.") ¶¶ 2-4, attached hereto as Exhibit "1."
- 2. After GhostBed's introductory recording played, a woman who identified herself as "Janie" came on the line, at which point Mr. Zoller asked for Ryan Monahan's job title with GhostBed. See id. ¶ 5.

- 3. In response, GhostBed representative stated that she recognized Monahan's name and that he worked in GhostBed's "marketing department," but that she was unable to confirm his exact job title. *See id.* ¶ 5.
- 4. When Mr. Zoller asked if he could have Monahan's extension or leave him a voicemail, the woman put Mr. Zoller on hold for approximately 6 minutes. *See id.* ¶¶ 5-6.
- 5. The GhostBed representative then returned to Mr. Zoller's call and confirmed that Monahan currently works in GhostBed's Marketing Department. She also stated that Monahan is usually "on the road." *See id.* ¶ 6.
- 6. Mr. Zoller next asked if Monahan had a phone extension or a company issued telephone number so that he could contact him directly. The woman on the phone again put Mr. Zoller on hold. *See id.* ¶ 7.
- 7. After Mr. Zoller waited on hold for approximately 4 more minutes, the GhostBed representative returned to the call and said she did not have a direct telephone for Monahan, but she provided Mr. Zoller with an email address that he could use to contact Monahan, <a href="marketing@ghostbed.com">marketing@ghostbed.com</a>. She said that either Monahan or a woman named "Kelly" would respond to Mr. Zoller's inquiry via that email address. See id. ¶ 8.
- 8. Mr. Zoller's conversation with the GhostBed representative lasted 11 minutes and 15 seconds. *See id.* ¶ 9.

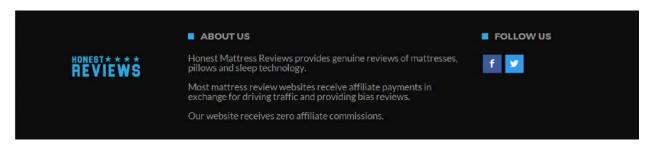
## The "Disclaimers" Regarding HMR's and Monahan's Purported Independence

- 9. The details regarding the "disclaimer" statements as to Defendants' purported independence and neutrality are set forth in detail in Paragraphs 129-138 of the TRO Motion.
- 10. Among the most prominent of these statements is a page on the Blog entitled "Ethics Statements," which purports to proclaim the ethical and honest nature of Monahan and HMR, including by referencing "freedom of speech." *See*<a href="https://www.honestmattressreviews.com/disclaimer/">https://www.honestmattressreviews.com/disclaimer/</a>. The "Ethics Statement" page includes the following statement:

Our posts have total editorial independence from these all outside companies, even when they touch on products and services these companies we review. The same goes for all content on Honest Mattress Reviews on social networks. No one has an influence on or access to the posts we publish. We will also add a direct link to this disclosure when we write directly about the companies.

Id. (emphases added).

11. Another such statement is the one that appears at the bottom of every page of the Blog, and which proclaims that Monahan and HMR receive "zero" monetary compensation from any mattress company:



See, e.g. https://www.honestmattressreviews.com.

12. As is also set forth in the TRO Motion, GhostBed is one of the highest-ranking mattress companies on the Blog, having received a "World-Class" rating and appearing third on the "Reviews" page of the Blog:



See <a href="https://www.honestmattressreviews.com/mattress-reviews/">https://www.honestmattressreviews.com/mattress-reviews/</a> (emphases added).

13. The Blog does not include any disclosure of *any* relationship or affiliation between HMR/Monahan and GhostBed.

## Monahan's Efforts to Hide His Prior and Continued Affiliation with GhostBed

14. The facts regarding the steps apparently taken by Monahan to scrub his online profile of any evidence regarding his affiliation with GhostBed is set forth in Paragraphs 117-124.

#### <u>ARGUMENT</u>

## I. THE ADDITIONAL EVIDENCE PRESENTED STRONGLY SUPPORTS THE IMMEDIATE ISSUANCE OF A TEMPORARY RESTRAINING ORDER

Purple is entitled to a temporary restraining order to cease Defendants' false and misleading conduct because, among other reasons, Defendants are substantially likely to prevail on the merits of their Lanham Act and other claims.

The false advertising provisions of the Lanham Act preclude the use in commerce of "false or misleading representation[s] of fact" that are likely to cause confusion or deception as to the "origin, sponsorship, or approval" of the person's goods, services, or commercial activities," or that "misrepresent[] the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities." 15 U.S.C. § 1125(a)(1)(A)-(B).

As set forth above, HMR and Monahan have a direct relationship to GhostBed. Monahan, who is the CEO of HMR, is a member of GhostBed's Marketing Team, and therefore presumably an employee and contractor of the company. Monahan therefor has a pecuniary interest in GhostBed's success, even if he does not also receive separate or direct compensation for the highly favorable reviews he posts about GhostBed on the HMR website. This relationship is not disclosed on the Blog or elsewhere, and Monahan has taken steps to hide this relationship from his online profile. In fact, the Blog expressly and specifically disclaims *any* with *any* mattress company, which necessarily includes any relationship to GhostBed.

Based on the evidence provided by Mr. Zoller, Monahan's prior and continuing affiliation with Ghostbed, and the highly favorable reviews of GhostBed on the Blog,

Defendants' statements regarding the lack of any affiliation with any mattress company, including the statements regarding the purported independence and neutrality of the Blog, are both literally false and likely to mislead consumers. These statements create confusion as to the source and origin of the Blog and as to the nature, characteristics, and qualities of the Blog, its services, and its commercial activities, such that Purple is highly likely to prevail on the merits of its Lanham Act claim. *See, e.g., Casper Sleep, Inc. v. Mitcham*, \_\_\_\_ F. Supp. 3d \_\_\_\_, 2016 WL 4574388, \*5 (S.D.N.Y. Sept. 1, 2016) (holding that Casper stated claim against mattress reviewer directly suggested, *inter alia*, that he had a relationship with Casper when he did not, and where the reviewer changed a review in response to Casper's termination of its affiliate relationship with the mattress reviewer).1

Defendants' statements regarding the alleged independence and neutrality of the Blog are also misleading because of what they do *not* do, i.e., disclose the *ongoing* relationship between HMR/Monahan and GhostBed. Although the Lanham Act does not always "impose an affirmative duty of disclosure," the Act does require disclosure where, as here, omissions of relevant facts "render affirmative statements false or misleading." *Casper I*, 2016 WL 4574388, at \*4. Unlike in the *Casper I* case, where the

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<sup>&</sup>lt;sup>1</sup> These statements are also in violation of the (on-binding) Guidelines promulgated under of the Federal Trade Commission Act, which requires connections between a seller and an endorser to be disclosed when the connection "might materially affect the weight or credibility of the endorsement (i.e., the connection is not reasonably expected by the audience." 16 C.F.R. § 255.5. This violation "may and should" be considered as "a basis for asserting false advertising under the Lanham Act." *Casper I*2016 WL 4574388, at \* 4 (quoting *Manning Int'l, Inc. v. Home Shopping Network, Inc.*, 152 F. Supp. 2d 432, 437 (S.D.N.Y. 2001)).

defendant mattress review site included affirmative statements to the effect that the reviewer received compensation from *many* mattress companies, which was in effect true because he did not receive compensation from *all* mattress companies, in this case, HMR and Monahan disclaim any relationship to *all* mattress companies, therefore rendering false and misleading the omission from the Blog of their relationship to and pecuniary interest in GhostBed.

## II. PURPLE IS ENTITLED TO AN *EX PARTE* TEMPORARY RESTRAINING ORDER AGAINST DEFENDANTS

Federal Rule of Civil Procedure 65 authorizes a federal court to issue a temporary restraining order on an *ex parte* basis when: "(A) specific facts in an affidavit or verified complaint clearly show that immediate and irreparable injury, loss, or damage will result to the movant before the adverse party can be heard in opposition; and (B) the movant's attorney certifies in writing any efforts made to give notice and the reasons why it should not be required." Fed. R. Civ. P. 65(b)(1). Purple satisfies both prongs.

First, as set forth in the TRO Motion and above, Purple is suffering immediate and irreparable harm resulting from Defendants' conduct. Despite Defendants' false and misleading statements regarding the unequivocal relationship between HMR/Monahan and GhostBed, the safety and quality of Purple's products, and Purple's positive reputation and goodwill, Defendants' false advertising are already confusing customers, diverting customers, and harming Purple's reputation and goodwill. *Ex parte* relief is therefore warranted on this basis.

Second, as detailed in the Declaration of James E. Magleby Regarding Notice of Temporary Restraining Order, attached hereto as Exhibit "2," Purple has already

commenced and continues its efforts to provide notice of this action and Purple's TRM Motion to Defendants. In addition, Purple will make its best efforts to provide advance notice of any hearing scheduled in this matter to Defendants. For this additional reason, an *ex parte* temporary restraining order should immediately issue.

### **CONCLUSION**

For these reasons and as set forth in Purple's Motion for Temporary Restraining Order, Purple respectfully asks the Court to grant the motion and issue a temporary restraining order.

DATED this 28th day of February, 2017.

**MAGLEBY CATAXINOS & GREENWOOD** 

/s/ James E. Magleby
James E. Magleby
Christine T. Greenwood
Adam Alba
Attorneys for Plaintiff Purple Innovations, LLC

#### **CERTIFICATE OF SERVICE**

I hereby certify that I am employed by the law firm of MAGLEBY CATAXINOS & GREENWOOD, 170 South Main Street, Suite 1100, Salt Lake City, Utah 84101, and that pursuant to Rule 5 of the Federal Rules of Civil Procedure, I am attempting to serve a true and correct copy of the foregoing SUPPLEMENTAL MEMORANDUM IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER AND REQUEST FOR *EX PARTE* RELIEF upon the following via U.S. Mail, electronic mail, and personal service:

HONEST MATTRESS REVIEWS c/o Ryan Monahan 900 North Federal HWY Suite 220 Boca Rotan, Florida 33432 Ryan Monahan 900 North Federal HWY Suite 220 Boca Rotan, Florida 33432

GHOSTBED 7143 West Broward Blvd. Plantation, Florida 33317

A report concerning service will be made to the Court as soon as possible.

Dated this 28th day of February, 2017.

/s/ Adam Alba

## Exhibit "1"

James E. Magleby (7247)

magleby@mcgiplaw.com

Christine T. Greenwood (8187)

greenwood@mcgiplaw.com

Adam Alba (13128)

alba@mcgiplaw.com

MAGLEBY CATAXINOS & GREENWOOD

170 South Main Street, Suite 1100 Salt Lake City, Utah 84101-3605

Telephone: 801.359.9000 Facsimile: 801.359.9011

Attorneys for Purple Innovations, LLC

### IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

DECLARATION OF TOM E. ZOLLER IN SUPPORT OF MOTION FOR TEMPORARY RESTRAINING ORDER

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

Case No.: 2:17-cv-00138-DB

**Honorable Dee Benson** 

- I, Tom E. Zoller, hereby declare as follows:
- I am over 21 years of age and have personal knowledge of the facts set forth in this Declaration. If asked to testify, I could and would testify as to the matters set forth below.

- 2. I am a private investigator and the president of Airde Group, Inc. ("Airde"), a full service private investigation company, bearing Massachusetts Private Detective License Number LP0518A. I have been a private investigator for over 30 years.
- 3. Airde was retained by Magleby Cataxinos & Greenwood (representing Purple Innovations, LLC) to conduct an investigation of Ryan Monahan and to determine his involvement or affiliation with GhostBed, Inc.
- 4. On Tuesday, February 28, 2017 at 10:43 AM EST, I called the landline telephone number for GhostBed, Inc. (855-855-4499) from one of our cell phones, 617-331-1116. This is the number displayed on the GhostBed website and social media pages as being the primary telephone number for the company.
- 5. After listening to the introductory recording, a woman who identified herself as "Janie" came on the line. I asked for Ryan Monahan's job title. The woman stated that she recognized his name and said he worked in the Marketing Department, but could not confirm his exact job title. I then asked for his phone extension or to be forwarded to his voicemail. She asked if I could be put on hold.
- 6. After waiting on hold for approximately 6 minutes, Janie picked up the phone and confirmed that Ryan Monahan currently works in their Marketing Department. She said he is usually on the road.
- 7. I asked if Ryan Monahan had a phone extension or a company issued telephone number that I could contact him directly. Janie put me on hold.
- 8. After waiting on hold again for approximately 4 more minutes, she said she did not have a telephone number for Ryan Monahan. She provided me with an

email address that I could contact him through – <a href="marketing@ghostbed.com">marketing@ghostbed.com</a>. She said that either he or a woman named "Kelly" would respond to our inquiry via that email address.

As evidenced in our phone log, the telephone conversation lasted exactly
 minutes and 15 seconds.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

DATED this 28th day of February, 2017.

Tom £. Zoller,

# Exhibit "2"

James E. Magleby (7247)

<u>magleby@mcgiplaw.com</u>

Christine T. Greenwood (8187)

<u>greenwood@mcgiplaw.com</u>

Adam Alba (13128)

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Attorneys for Purple Innovations, LLC

### IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

DECLARATION OF JAMES MAGLEBY REGARDING NOTICE OF TEMPORARY RESTRAINING ORDER

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

Case No.: 2:17-cv-00138-DB

**Honorable Dee Benson** 

Pursuant to Rule 65(b)(1)(B) of the Federal Rules of Civil Procedure, I, James E. Magleby hereby declare as follows:

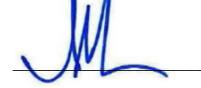
 I am over 21 years of age and have personal knowledge of the facts set forth in this Declaration. If asked to testify, I could and would testify as to the matters set forth below.

- 2. I am lead counsel of record for Purple Innovations, LLC ("Purple") in the above-captioned case.
- 3. On February 24, 2017, Purple filed suit against the above-named Defendants due to Defendants recent efforts to publicly malign Purple and its products. [See Doc. No. 2].
- 4. On the next business day, February 27, 2017, Purple filed its Motion for Temporary Restraining Order ("Motion for TRO") to (among other things) prohibit Defendants from further defaming Purple and its products. [See Doc. No. 8].
- 5. Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, Purple seeks an ex-parte hearing on, and the immediate entry of a temporary restraining order, in the event that the Defendants do not respond to the notice described herein by agreeing to participate in the hearing. [See id.].
- 6. On February 28, 2017, our office delivered notice of the Complaint and Motion for TRO through a letter that was delivered via email, certified mail, and Federal Express, to each of the Defendants. [See 2-28-17 Letter J. Magleby, attached as Exhibit 1].
- 7. In addition, process servers are attempting to serve the Complaint and TRO Motion as of the drafting of this Declaration.
- 8. As soon as Purple receives any additional information regarding service upon or notice to the Defendants, we will file a supplemental declaration with the Court.

9. There are multiple reasons for why the Court should enter the temporary restraining order without notice to the Defendants, including for the reasons identified in the Motion for TRO, which is incorporated into this Declaration by reference.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

DATED this 28th day of February, 2017.



## Exhibit "1"

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James E. Magleby magleby@mcgiplaw.com

February 28, 2017

VIA U.S. MAIL, ELECTRONIC MAIL, AND FEDERAL EXPRESS

Marc L. Werner

marc@naturessleep.com

GHOSTBED

7143 West Broward Blvd.

Plantation, Florida 33317

Ryan Monahan
<a href="mailto:hello@honestmattressreviews.com">hello@honestmattressreviews.com</a>
HONEST MATTRESS REVIEWS
900 North Federal HWY
Suite 220
Boca Rotan, Florida 33432

Re: Purple Innovations, LLC v. Honest Mattress Reviews, LLC, et al.

United States District Court, Central District of Utah

Case No. 2:17-cv-00138-PMW Magistrate Judge Paul M. Warner

Dear Mr. Werner and Mr. Monahan:

This law firm represents Purple Innovations, LLC ("Purple") in litigation against Honest Mattress Reviews, LLC ("HMR"), GhostBed, Inc. ("GhostBed"), and Ryan Monahan ("Monahan") (collectively "Defendants").

On February 24, 2017, Purple filed suit against HMR, GhostBed, and Monahan in the United States District Court for the District of Utah due to Defendants' recent efforts to publicly malign Purple and its products. You should expect to be served with the Complaint in the immediate future. However, for your convenience, you may download a copy of the Complaint at the following link:

### https://file.ac/2udJ3fvUzIU/

In conjunction with Purple's efforts to seek damages for Defendants' conduct, Purple is also seeking a temporary restraining order ("TRO") and preliminary injunction to prohibit Defendants from (among other things) further defaming Purple and its products, and to order Defendants to remove the offending statements from the public sphere. Purple's Motion for Temporary Restraining Order is also available for download at the above-identified link.

#### Cass & 2:7-7-vc-0-0033-8-DB DDcccccceent-11-1-2:1efi (26/102//28/17age-a6/217of 1306

Honest Mattress Reviews, LLC GhostBed, Inc. Marc L. Werner Ryan Monahan February 28, 2017 Page 2

Pursuant to Rule 65(b)(1) of the Federal Rules of Civil Procedure, this letter constitutes Purple's efforts to provide Defendants with notice that Purple is seeking the issuance of an immediate TRO. We will provide you with notice of the date and time for the hearing for the TRO as soon as we obtain it from the Court. So that we can continue to provide notice for this case, please let us know the best contact information for the Defendants. Alternatively, if Defendants are obtaining counsel, please provide us with contact information for counsel at your earliest convenience.

Thank you for your time and consideration.

Sincerely,

MAGLEBY CATAXINOS & GREENWOOD

James E. Magleby

JEM/zp

cc: Christine T. Greenwood (via email only <a href="mailto:greenwood@mcgiplaw.com">greenwood@mcgiplaw.com</a>)
Adam Alba (via email only alba@mcgiplaw.com)

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Attorneys for Purple Innovations, LLC

### IN THE UNITED STATES DISTRICT COURT DISTRICT OF UTAH, CENTRAL DIVISION

PURPLE INNOVATIONS, LLC, A Delaware limited liability company,

TEMPORARY RESTRAINING ORDER

Plaintiff,

٧.

HONEST REVIEWS, LLC, a Florida Corporation, RYAN MONAHAN, an individual, and GHOSTBED, a Delaware corporation,

Defendants.

Case No.: 2:17-cv-00138-PMW

**Honorable Dee Benson** 

Based upon the Motion for Temporary Restraining Order (Dkt. 8) (the "TRO Motion") filed by Plaintiff Purple Innovations, LLC ("Plaintiff" or "Purple"), against Defendants Honest Reviews, LLC, dba as or through <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> ("HMR"), Ryan Monahan ("Monahan"), and GhostBed, Inc. ("GhostBed") (collectively, "Defendants"), for good cause shown, and pursuant to Federal Rule of Civil Procedure 65, the Court orders as follows:

- 1. This Order was issued on March 2, 2017, at the hour of 1:00 P.M.
- This Order shall remain in effect for 14 days following the entry of this
   Order, unless the Court for good cause extends the Order or Defendants otherwise consent to a longer extension.
- 3. Plaintiff has a substantial likelihood of prevailing on the merits of the claims for which injunctive relief is sought, and there are serious issues on the merits of those claims that merit further litigation, including Plaintiff's claims that Defendants have violated the Lanham Act, defamed Purple and its goods, and tortiously interfered with Purple's economic relations.
- 4. Unless an injunction issues, Plaintiff will suffer irreparable harm, including but not limited to permanent injury to its goodwill and reputation, its ability to do business, and/or a loss of business in an amount difficult or impossible to quantify in monetary amount.
- 5. Plaintiff has provided multiple declarations, reflecting notice to the Defendants, through various means. The Court is satisfied that the Defendants have notice of these proceedings. Given the irreparable harm Plaintiff has suffered and will continue to suffer until an injunction is issued, further delay is unwarranted.
  - 6. An injunction would not be adverse to the public interest.
- 7. The threatened injury to Plaintiff outweighs whatever damage an injunction could cause to Defendants.
- 8. Therefore, under Rule 65 of the Federal Rules of Civil Procedure and 15 U.S.C. § 1116(a), Plaintiff is entitled to a temporary restraining order ("TRO").

- 9. Defendants are hereby ORDERED as follows:
- (a) Defendants shall immediately remove each of the four "Articles" and the "PSA" regarding Purple and its products, as identified in Plaintiff's TRO Motion ¶ 37 and elsewhere in the motion, from the <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> website, from all social media forums, including, without limitation, Facebook, Twitter, YouTube, and Instagram, and from any other online location where the statements are located;
- (b) Defendants shall immediately remove the "Disclaimer" statements identified in Plaintiff's TRO Motion, ¶¶ 132-134, 137-38, from the <a href="https://www.honestmattressreviews.com">www.honestmattressreviews.com</a> website, from all social media forums, including, without limitation, Facebook, Twitter, YouTube, and Instagram, and from any other online location where the statements are located;
- (c) Defendants shall immediately remove the "Poor" ranking of Purple from the "Industry Leading Mattress Reviews" section, identified in the TRO Motion ¶ 143, from the <a href="www.honestmattressreviews.com">www.honestmattressreviews.com</a> website, from all social media forums, including, without limitation, Facebook, Twitter, YouTube, and Instagram, and from any other online location where the statements are located;
- (d) Defendants shall immediately cease from any online promotion of the statements referenced in preceding sub-paragraphs (a)-(c), including through any Facebook advertising or promotion.
- (e) Defendants shall not attempt to circumvent the intent of this Order by make new statements about Purple or its products which are false and

misleading and convey the same substantive message as in the statements referenced in preceding sub-paragraphs (a)-(c), including through the "clever use of innuendo, indirect intimations, and ambiguous suggestions." *Cotrell, Ltd. v. Biotrol Int'l, Inc.*, 191 F.3d 1248, 1252 (10th Cir. 1999) (citations omitted).

- (f) In accordance with 15 U.S.C. § 1116(a) Defendants shall, within thirty days from the date this Order is served upon them, file with the Court and serve upon Purple a report under oath setting forth in detail the manner and form in which Defendants have complied with the injunction; and
- (g) Defendants are hereby restrained from making false, misleading, or confusing posts or discussions on social media or otherwise about the existence of this lawsuit, the Court's temporary restraining order or other any other orders that may be issued by the Court, or about Purple's efforts in this lawsuit to restrain Defendants from continuing to engage in the conduct at issue, in an attempt to circumvent the purpose of the injunctive relief sought by Purple.
- 10. This Order binds and is enforceable against not only Defendants, but also Defendants' officers, agents, servants, employees, and attorneys, and any other persons who are in active concert or participation with Defendants and/or Defendants' officers, agents, servants, employees, and/or attorneys.

11. This Order is issued without bond.

DATED this 2nd day of March, 2017.

**UNITED STATES DISTRICT COURT** 

JUDGE DEE BENSON
FEDERAL DISTRICT COURT JUDGE